



# STOCKTAKING OF PUBLIC FINANCIAL MANAGEMENT DIAGNOSTIC TOOLS



GLOBAL TRENDS AND INSIGHTS



# 2022 STOCKTAKING OF PUBLIC FINANCIAL MANAGEMENT DIAGNOSTIC TOOLS



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# TOOL MAPPING

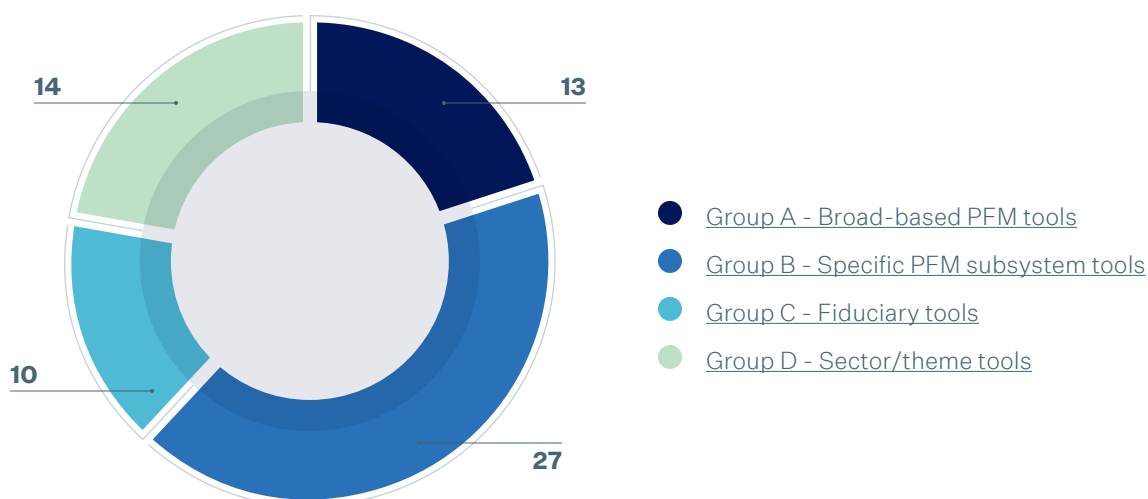
# INTRODUCTION

The 2022 PEFA stocktaking of public financial management (PFM) tools is the fourth stocktaking exercise, following the reports from 2004, 2011, and 2018. The document presents a detailed description of each individual PFM tool mapped, based on a set of tool characteristics (overview in Table 1). The detailed description per tool is organized around four main themes: (1) objective and features, (2) methodology, (3) development and use, and (4) transparency, elaborated in 17 characteristics.

The tool mapping provides an inventory of PFM diagnostic tools across four groups based on their characteristics. The four groups of tools are as follows:

- Group A: Broad-based PFM diagnostic tools covering multiple aspects of the PFM system.
- Group B: Tools focusing on individual PFM functions, institutions, or subsystems.
- Group C: Tools used by development partners to assess fiduciary risk.
- Group D: Tools focusing on PFM performance in specific sectors (e.g., public corporations) or topics (e.g., climate); a new group in 2022 PFM tools mapping.

**FIGURE 1.** Overview of number of mapped tools, by group



**TABLE 1.** Description of tool characteristics

Objective and features		Description
1	Objective	Presents the stated objective(s) of the tool and the assessment.
2	Institutional coverage	Indicates the intended institutional coverage of the tool (national, subnational, entity-level, sector-specific).
3	Technical coverage	Describes the PFM areas and functions assessed by the tool.
4	Application method	Indicates the possible modalities for carrying out the assessment (self-assessment, external by any assessor, external by the custodian).
Methodology		Description
5	Methodology	Describes the approach used to assess the performance of PFM functions covered.
6	Benchmarking and scoring system	Indicates whether assessment results are presented as scores/ratings, narrative evaluation, or both. a. Benchmarking against good practices, professional standards, or thematic principles (and risk levels in the case of group C): i. with scoring systems (typically including a narrative assessment) ii. with narrative assessment only b. Database tool for comparison across governments.
7	Linkage to PEFA framework	Describes areas of technical coverage which correspond to the technical coverage of the PEFA Framework 2016.
8	Complementarity with PEFA framework	Describes areas of technical coverage which extend beyond the technical coverage of the PEFA Framework 2016.
Development and use		Description
9	Development and coordination	Describes the tool development process, including coordination with key stakeholders for development, during and after the assessment.
10	Assessment management	Describes the assessment management process (data collection, involvement of key stakeholders, and dissemination of assessment findings).
11	Uses by government and members of the PFM community	Presents the reported information on different uses of the assessment results by key stakeholders.
12	Sequencing with other tools	Describes (custodian-suggested) sequence for using the tool with other diagnostic assessments with a view to ensure complementary information and to optimize the transaction costs involved in conducting an assessment (time, cost, and level of effort from the government and development partners).
13	PFM capacity building	Describes the arrangements foreseen for training and support provided to the assessed governments or institutions, ahead of or during the assessment. Describes the arrangements foreseen for post-assessment capacity development in the form of follow-up technical assistance.
14	Tracking of changes and frequency of assessments	Indicates whether the tool is designed to allow tracking of performance changes over time. Indicates the suggested interval between successive (repeated) assessments using the tool.
15	Resource requirements	Provides an indicative range of costs involved in conducting an assessment, including indicative number of assessors and competencies required. Indicates duration of the assessment (planning through reporting).
Transparency		Description
16	Access to methodology	Indicates whether there is public access to tool user guidance (with other resources).
17	Access to assessment results	Indicates whether there is public access to reports and whether there is a central internal or external repository of reports.

Note: In individual tool descriptions below when information is not applicable or not available the field is marked [--].



# **Group A** Tools

**BROAD-BASED PMF  
DIAGNOSTIC TOOLS**

## GROUP A TOOLS: BROAD-BASED PMF DIAGNOSTIC TOOLS

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CODE	NAME	CUSTODIAN	DEVELOPED
A01	<a href="#">Public Expenditure and Financial Accountability (PEFA)</a>	PEFA	2005
A02	<a href="#">Fiscal Transparency Evaluation (FTE)</a>	IMF	2014
A03	<a href="#">Senior Budget Official Reviews of Budgeting Systems</a>	OECD	2001
A04	<a href="#">International Budget Practices and Procedures Database (IBPPD)</a>	OECD	2003
A05	<a href="#">SIGMA Principles of Public Administration (PPA)</a>	OECD	2014
A06	<a href="#">Open Budget Survey (OBS)</a>	IBP	2006
A07	<a href="#">Public Expenditure Review (PER)</a>	WB	1996
A08	<a href="#">Rapid Assessments and Action Plans to Improve Delivery in SNGs (RAAP-ID)</a>	WB	2008
A09	<a href="#">MiGestion Institutional Capacity Diagnostic</a>	WB	2013
A10	<a href="#">Benchmarking Fiscal Decentralization (BFD)</a>	CoE	2008
A11	<a href="#">Country Policy and Institutional Assessment (CPIA)</a>	WB	1970s
A12	<a href="#">Country Policy and Institutional Assessment (CPIA)</a>	AfDB	2012
A13	<a href="#">Public Financial Management Reporting Framework (PFMRF)</a>	AFROSAI-E	2017

**Note:** AfDB = African Development Bank, AFROSAI-E = African Organization of Supreme Audit Institutions – English speaking, CoE = Council of Europe, IBP = International Budget Partnership, IMF = International Monetary Fund, PEFA = Public Expenditure and Financial Accountability, OECD = Organisation for Economic Co-operation and Development, WB = World Bank.



## Public Expenditure and Financial Accountability (PEFA) - PEFA Secretariat



### Objective and features

#### 1. Objective

The PEFA framework aims to assess and report on the strengths and weaknesses of a country's PFM system at specific points in time using evidence-based indicator scores to measure performance and changes over time and provide a foundation for reform planning, dialogue on strategy and priorities, and progress monitoring.

#### 2. Institutional coverage

National and subnational governments (Guidance for subnational government PEFA assessment is also available).

#### 3. Technical coverage

The PEFA framework covers seven pillars of an open and orderly PFM system:

- Pillar I: Budget credibility
- Pillar II: Transparency of public finances
- Pillar III: Management of assets and liabilities
- Pillar IV: Policy-based fiscal strategy and budgeting
- Pillar V: Predictability and control in budget execution
- Pillar VI: Accounting and reporting
- Pillar VII: External scrutiny and audit.

#### 4. Application method

(1) Self-assessment or (2) External assessment by others than government (staff from different institutions and/or consultants).



### Methodology

#### 5. Methodology

Within the seven broad areas marked by the seven pillars, the PEFA framework's 31 high-level indicators are further broken down into 94 dimensions to measure and monitor PFM performance across all phases of the budget cycle. Most indicators have multiple dimensions, each assessed separately. The indicator-level assessment is integrated into a narrative report with a standardized format. The PEFA framework does not provide recommendations for reforms.

The PEFA handbook provides a comprehensive set of guidance on (1) the PEFA assessment process (Volume I), (2) scoring (Volume II or Field Guide), (3) the preparation of the PEFA report (Volume III), and (4) how to use PEFA reports for PFM improvements (Volume IV). Specific guidance documents are available for using the PEFA framework at the subnational level.

#### 6. Benchmarking system

Benchmarking with scoring. The dimensions are scored on a cardinal scale: A (high level of performance that meets international good practices), B (sound performance in line with the elements of international good practices, C (basic level of performance), or D (below basic level of performance). The overall score for an indicator is based on the scores for individual dimensions. The scores for multiple dimensions are combined into the overall score for the indicator using either the Weakest Link (WL) method or the Averaging (AV) method, with the method for each indicator identified in the framework.

#### 7. Linkage to PEFA framework

Not applicable.

#### 8. Complementarity with PEFA framework

Not applicable.



## Development and use

### 9. Development and coordination

The PEFA program was initiated in 2001 by seven international development partners: World Bank; International Monetary Fund; European Commission; and the governments of France, Norway, Switzerland, and the United Kingdom. In 2019 the governments of Luxembourg and Slovak Republic joined as partners of the PEFA program. The PEFA program is managed by a steering committee composed of nine development partners and a secretariat housed in the World Bank.

The first version of the PEFA framework was published in 2005. Minor amendments were introduced in the second version released in 2011. An upgraded third version of the PEFA framework was published in 2016, building on the previous versions and the evolving PFM landscape by (1) introducing a new pillar – management of assets and liabilities, (2) adding four new performance indicators, (3) expanding and refining existing indicators, and (4) updating existing benchmarks and incorporating new ones.

### 10. Assessment management

PEFA assessments can be initiated by any stakeholder (a donor or a group of donors providing technical assistance in PFM and/or budget support with government approval, or a government). A standard PEFA assessment process usually follows ten steps divided into four phases as explained in the Guidance: *The PEFA Assessment Process –Planning, Managing and Using PEFA, Second edition*.

An institutionalized quality assurance system (PEFA Check) is practiced, which includes quality reviews by the PEFA Secretariat. PEFA Check verifies that good practices in planning and implementing an assessment have been followed. It also verifies that the PEFA report fully complies with the PEFA methodology by:

- presenting sufficient evidence to support the assessment and its findings; and
- providing an accurate reflection of the status of PFM systems and institutions of the government subject to the assessment as measured through the indicator scores and narrative assessment.

The same quality assurance system is applied, irrespective of who is leading or commissioning the assessment.

### 11. Uses by the government and members of the PFM community

The PEFA framework is used as (1) a diagnosis on strengths and weaknesses of a country's PFM system with a summary of changes over time (in case of successive assessments); (2) an input to the government/donor PFM reform design and implementation; (3) a tool to monitor the implementation of PFM reform plans or actions; and (iv) an input to individual donor assessments of fiduciary risk and/or the use of country systems, for example, preparatory to budget support.

### 12. Sequencing with other tools

PEFA, being a tool with a broad focus on multiple PFM functions, can be sequenced with tools focused on a single PFM function.

### 13. PFM capacity building

The Guidance *PEFA Assessment Process –Planning, Managing and Using PEFA, Second edition* guidance emphasizes the importance of an introductory workshop for stakeholders (particularly for government staff), and a closing workshop (or presentation). The workshops are intended primarily to facilitate the assessment exercise, as well as to build broader understanding of international standards and practices. The guide, *Using PEFA to Support PFM Improvement*, provides guidance on how to use PEFA reports as inputs to preparing a country's PFM reform strategy. The guidance sets out a seven-stage approach to developing and implementing PFM reform initiatives - from initial identification of problems (including weaknesses identified in PEFA and other diagnostic assessments), to designing, sequencing and implementing the reforms, and monitoring the progress achieved.



## Development and use

### 14. Tracking of changes and frequency of assessments

The PEFA framework can be applied in “successive assessments” to track changes over time, with the results documented in a PEFA assessment report. The recommended frequency for PEFA assessments is every three to five years.

### 15. Resource requirements

The cost of PEFA assessments depends on the application method. Costs are around US\$180,000 for a PEFA assessment of a national government.

The time taken for completion of PEFA assessments from initiation of dialogue with the governments to the final report may take 6 to 10 months. A team of three to seven PFM experts may be needed depending on the size, scope, and coverage of the assessment and on the country’s circumstances.



## Transparency

### 16. Access to methodology

All standard documents, such as the PEFA framework, all volumes of the PEFA handbook, other guidance materials and report templates are available on the [PEFA website](#) searchable catalogue. The PEFA handbook and other guidance materials are available in English, French, and Spanish.

### 17. Access to assessment results

Final assessment reports can be accessed by the public if released by the respective governments. Scores of past assessments of the country and between different countries can be compared using the [Scores Download](#) feature on the PEFA website.

## Fiscal Transparency Evaluation (FTE) - International Monetary Fund



### Objective and features

#### 1. Objective

FTE aims to assess IMF member countries' performance on fiscal transparency against the indicators contained in IMF's Fiscal Transparency Code. In particular, FTEs provide IMF member countries with:

- a comprehensive assessment of their fiscal transparency practices against the differentiated standards set by the Code;
- a rigorous analysis of the scale and sources of fiscal vulnerability based on a set of fiscal transparency indicators;
- a more complete picture of public sector activities, by estimating the financial position of the entire public sector;
- a visual account of their fiscal transparency strengths and reform priorities using summary heatmaps; and
- targeted recommendations to improve fiscal transparency and the option of a sequenced fiscal transparency action plan.

#### 2. Institutional coverage

National governments  
(of IMF member countries).

#### 3. Technical coverage

The pillars covered by FTEs include:

- I. Fiscal reporting
- II. Fiscal forecasting and budgeting
- III. Fiscal risk analysis and management
- IV. Revenue resource management

#### 4. Application method

Custodian.

### Methodology



#### 5. Methodology

The FTE assesses a country against IMF's Fiscal Transparency Code, which is the international standard for disclosure of information about public finances. The Code comprises a set of principles built around four pillars: fiscal reporting, fiscal forecasting and budgeting, fiscal risk analysis and management, and resource revenue management. For each transparency principle, the Fiscal Transparency Code differentiates between basic, good, and advanced practices to provide countries with clear milestones toward full compliance with the Code and ensure its applicability to a broad range of IMF member countries.

FTEs include an accessible summary of the strengths and weaknesses of country practices related to fiscal transparency and their relative importance. This is achieved through a set of summary heatmaps, a major innovation of the FTEs, which facilitate benchmarking against comparator countries, identification of reform needs, and prioritization of recommendations. FTEs include individual heatmaps for each pillar (covering all the principles under that pillar) and an overall heatmap covering all pillars.

#### 6. Benchmarking system

The FTE formally differentiates between basic, good, and advanced practice. Countries can also receive a grade of "Not met." This allows countries to develop a sequenced path for reform, by providing them with a clear set of milestones toward full compliance with international standards. The approach also facilitates cross-country benchmarking:

- Basic practice should be viewed as a minimum standard that should be achievable by all IMF member countries.
- Good practice provides an intermediate goal post that would require stronger institutional capacities.
- Advanced practice reflects relevant international standards and is in line with current state-of-the-art policies and practices.

#### 7. Linkage to PEFA framework

The FTE covers aspects related to PEFA performance indicators: budget classification (PI-4), budget documentation (PI-5), central government operations outside financial reports (PI-6), transfers to subnational governments (PI-7), performance information for service delivery (PI-8), public access to fiscal information (PI-9), fiscal risk reporting (PI-10), public investment management (PI-11), public asset management (PI-2), debt management (PI-13), macroeconomic and fiscal forecasting (PI-14), fiscal strategy (PI-15), medium-term perspective in expenditure budgeting (PI-16), budget preparation process (PI-17), and legislative scrutiny of budgets (PI-18). FTEs also touch on some indicators of control and predictability in budget execution (pillar V), accounting and reporting (most of pillar VI), and external scrutiny (briefly pillar VII) at a high level.

#### 8. Complementarity with PEFA framework

The tool provides additional scrutiny in the PEFA pillar II (Transparency) through the Financial Transparency Code, which provides further areas of assessment than PEFA's transparency indicators such as those around revenue resource management.



## Development and use

### 9. Development and coordination

In 2014, in the aftermath of the global financial crisis, the IMF revised the Fiscal Transparency Code and launched the FTE, which replaced the Fiscal Reports on the Observance of Standards and Codes. Working with the World Bank (WB), the IMF determined there were inconsistencies and gaps in assessing some areas, including in fiscal policy decision-making. It was decided to create a fiscal policy handbook to address this and to provide more detailed guidance on what good fiscal transparency looks like in practice. Pillar IV was finalized in January 2019, following two rounds of public consultation and testing in several countries.

The WB was consulted during the development of the tool.

### 10. Assessment management

The assessment is undertaken at the request of an IMF member country. Mission consisting of IMF staff and experts is deployed to complete the evaluation. The IMF staff conduct the FTE with support from relevant country officials. Custodian (IMF) quality assurance procedures apply (including peer review process and validation from government officials). The draft report at the end of evaluation is sent to the relevant country and disseminated internally within the IMF for review. The IMF Fiscal Affairs Department reviews the evaluation in a panel of three to four people. In addition, the IMF Article 4 surveillance team reviews the assessment. If there are certain areas of focus (e.g., legal), it may also be reviewed by other divisions in the IMF. As a final step, if a country agrees to have their assessment published, there are additional quality assurance steps completed before the report is released.

### 11. Uses by the government and members of the PFM community

FTEs support capacity building, including prioritization and delivery of IMF technical assistance.

### 12. Sequencing with other tools

There is no sequencing with other tools.

### 13. PFM capacity building

The FTE includes recommendations for the country on how it could improve in areas where it receives a low ranking. It does not include the specifics of how to improve PFM capacity (e.g., conducting workshops), however, it can identify areas where the IMF can provide technical assistance to improve PFM capacity. For areas that are recommended for reform following an FTE, the IMF may include a sequenced fiscal transparency action plan to help the country address those reform priorities.

### 14. Tracking of changes and frequency of assessments

There is no explicit tracking of changes. However, countries can request a follow-up evaluation to review the progress made following the previous assessment. Because assessments are completed upon request, there is no defined frequency. The IMF suggests countries do not complete another assessment if they have not made sufficient progress against the prior one. The IMF can be consulted on whether the timing for a suggested evaluation is appropriate.

### 15. Resource requirements

The evaluation involves a mission from the IMF Fiscal Affairs Department visiting the country in question. The approximate length of visit is two weeks. Typically, the IMF team required for an FTE is three staff, and three to four external experts. The cost varies, with the cost of external experts estimated at US\$80,000 to US\$100,000 per evaluation.

## Transparency



### 16. Access to methodology

The IMF has published a [Fiscal Transparency Handbook](#) which outlines the evaluation methodology and the indicators used in the assessment. Guidance from 2019 for [Pillar IV](#) is also available.

### 17. Access to assessment results

The IMF includes all published and [available](#) reports of past completed FTEs for each country on its website. Countries can request non-disclosure of their reports, in which case they are not publicly available. Assessments that are published include details of the assessment and its indicators of the particular evaluation, how the country is benchmarked, and the overall methodology.

## Senior Budget Official Reviews of Budgeting Systems - Organisation for Economic Cooperation and Development



### Objective and features

#### 1. Objective

The review aims to provide a comprehensive overview of the budget process in the country or jurisdiction under examination, evaluate national and/or subnational experiences against international best practices, and provide specific policy recommendations.

#### 2. Institutional coverage

National and subnational governments.

#### 3. Technical coverage

The OECD budgetary reviews cover a broad spectrum of budget activities such as budget classification, public access to financial information, fiscal risk reporting, capital budgeting framework, alignment of fiscal plans with budgets, performance-based budgeting and monitoring of budget execution, accounting practices, and external audit.

#### 4. Application method

Custodian.

### Methodology



#### 5. Methodology

Senior Budget Official Reviews of Budgeting Systems are largely based on the *Recommendations of the Council on Budgetary Governance* (RCBG). Each recommendation or principle is subdivided into four to seven subprinciples. There are 48 subprinciples in total which are used as performance benchmarks of a country's budgeting systems. The 10 principles are as follows:

1. Manage budgets within clear, credible, and predictable limits for fiscal policy.
2. Closely align budgets with the medium-term strategic priorities of government.
3. Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner.
4. Ensure that budget documents and data are open, transparent, and accessible.
5. Provide for an inclusive, participative, and realistic debate on budgetary choices.
6. Present a comprehensive, accurate, and reliable account of the public finances.
7. Actively plan, manage, and monitor budget execution.
8. Ensure that performance, evaluation, and value for money are integral to the budget process.
9. Identify, assess, and manage prudently longer-term sustainability and other fiscal risks.
10. Promote the integrity and quality of budgetary forecasts, fiscal plans, and budgetary implementation through rigorous quality assurance, including independent audit.

#### 6. Benchmarking system

Narrative evaluation of the country's budgetary framework and processes is done based on the 10 principles in the RCBG.

#### 7. Linkage to PEFA framework

Senior Budget Official Reviews of Budgeting Systems covers aspects related to PEFA performance indicators: budget classification (PI-4), public access to fiscal information (PI-9), fiscal risk reporting (PI-10), fiscal strategy (PI-15), budget preparation process (PI-17), and external audit (PI-30).

#### 8. Complementarity with PEFA framework

An overview of budgeting practices across the full spectrum of budget activity in the country is given with clear guidance for designing, implementing, and improving budget systems to meet the challenges of the future.





## Development and use

### 9. Development and coordination

The OECD Working Party of Senior Budget Officials (SBO) was established in 1980 and is composed of budget directors and other senior officials from OECD countries. The SBO meets annually to address key budgeting concerns and relevant policy options. The earliest published reviews of budgeting systems available on OECD website are of Canada, Netherlands, and Sweden in 2001. In 2015, OECD adopted 10 principles on budgetary governance. These principles draw together the lessons of over a decade of work by the SBO and its associated networks, along with contributions and insights from other areas of the OECD and of the international budgeting community. During the assessment, budget reviews are sometimes broadly coordinated and conducted in parallel with PEFA assessments. This provides the country authorities with a range of qualitative and diagnostic perspectives on which to base their reform plans.

### 10. Assessment management

OECD staff conduct interviews with the country officials as well as independent experts and representatives of civil society. Based on the interview responses, the OECD staff prepare the budget review report of the country. At times, OECD uses the services of external PFM experts as well.

Custodian, internal quality assurance procedures apply. Assessments are led by members of the OECD Budgeting and Public Expenditures Division, subject to the division's quality assurance systems. The reviews also offer other countries or jurisdictions an opportunity to comment on specific budgeting issues in the country or jurisdiction under examination (peer review).

### 11. Uses by the government and members of the PFM community

The budget review of a country provides recommendations and policy options on priority areas for further budgetary reforms in the country.

### 12. Sequencing with other tools

The tool may be sequenced along with other broad-based diagnostic tools such as the PEFA framework.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

There is no predefined assessment frequency. Budgetary reviews of two to three countries are being undertaken every year by OECD, based on the request of the countries. A brief overview of progress in budgetary reforms and key improvements since the last assessment are indicated in the budget review report of the country.

### 15. Resource requirements

Assessment costs are associated with three to five OECD staff (sometimes external consultants) having expertise in PFM to conduct interviews with country officials and draft the report.

## Transparency



### 16. Access to methodology

There is no toolkit or separate user guidance available. Budgetary reviews are conducted and driven by the staff of OECD's Budgeting and Public Expenditure Division.

### 17. Access to assessment results

Reports are published in the OECD Journal on Budgeting and can be accessed at the [OECD website](#).

# International Budget Practices and Procedures Database (IBPPD) - Organisation for Economic Co-operation and Development



## Objective and features

### 1. Objective

The IBPPD aims to provide a publicly available, internationally comparable set of data that will allow for analysis, benchmarking, and comparison of budgeting practices in OECD countries.

### 2. Institutional coverage

National governments  
(of OECD member countries).

### 3. Technical coverage

The last OECD Budget Practices and Procedure Survey Questionnaire (2017–18) contains questions spanning the entire budgeting process, in line with OECD's 10 principles of budgetary governance. The questionnaire also covers crosscutting and topical issues such as fiscal sustainability and budget transparency. Newer areas of focus, including fiscal risk, comprehensive budget accounting, and gender-related dimensions of budgeting, have also been addressed.

### 4. Application method

Self-assessment by senior budget officials of OECD countries.



## Methodology

### 5. Methodology

Around 90 multiple-choice questions were asked to the senior government officials of OECD member countries, covering the entire budget cycle - from preparation, approval, execution, to audit. The structure of the 2017–18 questionnaire was as follows:

1. Budgeting within Fiscal Objectives
2. Alignment with Medium-term Strategic Plans and Priorities
3. Capital Budgeting Framework (responses captured through a separate survey via Infrastructure and PPPs network)
4. Transparency, Openness, and Accessibility
5. Participative, Inclusive, and Realistic Debate
6. Comprehensive, Accurate, and Reliable Account of Public Finances
7. Effective Budget Execution
8. Performance, Evaluation, and Value for Money (responses captured through a separate survey via Performance and Results network)
9. Fiscal Risks and Sustainability
10. Quality, Integrity, and Independent Audit.

### 6. Benchmarking system

Database tool. While there is no scoring system, a narrative description of the budgetary practices of OECD countries is provided. This allows benchmarking and comparison of budgeting practices in OECD countries included as part of the report.

### 7. Linkage to PEFA framework

IBPPD covers aspects related to PEFA performance indicators, among others: expenditure composition outturn (PI-2), revenue outturn (PI-3), budget classification (PI-4), central government operations outside financial reports (PI-6), transfers to subnational governments (PI-7), fiscal strategy (PI-15), medium-term perspective in expenditure budgeting (PI-16), legislative scrutiny of budgets (PI-18), in-year budget reports (PI-28), annual financial reports (PI-29), and external audit (PI-30).

### 8. Complementarity with PEFA framework

The Budgeting and Public Expenditures in OECD Countries 2019 report presents findings on the latest policies, legal frameworks, and practices in budgeting and public expenditures across OECD member countries.





## Development and use

### 9. Development and coordination

OECD's Budgeting and Public Expenditure Division first conducted a survey of budget practices and procedures in 2003 in cooperation with the World Bank to provide a publicly available, internationally comparable set of data that will allow for analysis and benchmarking of good budgeting practices over time. Questions for each of the subsequent surveys in 2007, 2012, and 2018 were edited, added, or removed based on the relevance of the question and changing budgetary processes.

### 10. Assessment management

Survey responses are submitted via an online questionnaire to improve data quality and comparability. The OECD Secretariat provides delegates to the Working Party of Senior Budget Officials (SBO) with a web link to the questionnaire, access credentials, and technical instructions. The online questionnaire tool allows respondents to start, stop, or continue responding to the questionnaire for convenience, and to share the responsibility of responding with other officials and experts.

Delegates are asked to nominate respondent(s), coordinate with the respondent(s) to finalize answers, and liaise between the OECD and the respondent(s) after final submission, if any further clarification or verification is needed.

Custodian quality assurance is in place, validated by respondents. SBO delegates are responsible for the validation and accuracy of the final submission of data. The OECD country responses were verified at the annual meeting of the OECD Working Party of Senior Budget Officials. Along with OECD publications that analyze the content of the database, OECD has conducted extensive quality control of the responses to ensure consistency and reliability. Furthermore, the pre-publication version was shared with OECD Senior Budget Officials allowing for a final check of the content.

### 11. Uses by the government and members of the PFM community

IBPPD is a database of budgetary practices in OECD countries. The database provides budget practitioners, academics, and civil society with a comprehensive source of information to compare national budgeting and financial management practices across OECD member countries.

### 12. Sequencing with other tools

Information is not available.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

The OECD Budget Practices and Procedures Survey is carried out by the OECD Secretariat every four to five years. The tool was designed to support analysis and benchmarking of good budgeting practices over time.

### 15. Resource requirements

The cost of the assessment may be covered as part of the overall funding of OECD. The time taken for the 2019 version was around 14 months from the start of data collection to the publication of the report. Fifteen OECD staff members worked on the preparation of the report along with the input of numerous country officials.

## Transparency



### 16. Access to methodology

Methodology is [available](#).

### 17. Access to assessment results

The Budgeting and Public Expenditures in OECD Countries 2019 report, which compares the budgeting practices across OECD member countries except the United States, is [available](#). Results of previous surveys are also [available](#).

# SIGMA Principles of Public Administration (PPA) - Organisation for Economic Cooperation and Development



## Objective and features

### 1. Objective

The PPA aims to strengthen the foundations for improved public governance, support socioeconomic development through building the capacities of the public sector, enhance horizontal governance, and improve the design and implementation of public administration reforms.

### 2. Institutional coverage

National governments (of EU candidate countries, potential candidate countries, and the countries working with EU under the European Neighborhood Policy [ENP]).

### 3. Technical coverage

PPA covers six dimensions of public administration reforms: (1) strategic framework for public administration reform, (2) policy development and coordination, (3) public service and human resource management, (4) accountability, (5) service delivery, and (6) public financial management (PFM).

Dimension 6 (PFM) covers the following areas:

- Budget management
- Internal control and audit
- Public procurement
- External audit.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The framework consists of 52 indicators or principles (15 on PFM dimension), broken down into 340 individual sub-indicators (114 on PFM dimension) intended to measure the state of play in a public administration and progress in implementing reforms. SIGMA's PPA methodology provides detailed guidance on the methodology and point allocation criteria for every sub-indicator.

Benchmarking criteria exist to analyze both the state of play at a point in time and the subsequent progress a country makes toward good governance standards. Points are awarded for each criterion fulfilled, depending on its importance and relevance for a principle.

Recommendations in the assessment report form the basis for dialogue between the European Commission and the Public Administration Reform (PAR) special groups comprising senior government officials of the assessed government.

### 6. Benchmarking system

Performance evaluation and scoring is done at the sub-indicator level. The total points of all the sub-indicators in a principle are converted into a final value for the principle or indicator from 0 to 5. Generally, a country can only receive an overall value of 2 based on the quality of its legislative and regulatory framework. A value of 3 cannot be achieved without evidence of implementation of key processes. To obtain a value of 4, the country needs to show a consistent achievement of relevant outcomes. The value of 5 is reserved for outstanding performance and full compliance with the principles and the standards for good public governance. If the required information is not available or is not provided by the administration, 0 points are given.

### 7. Linkage to PEFA framework

SIGMA PPA covers aspects related to PEFA performance indicators: aggregate expenditure outturn (PI-1), revenue outturn (PI-3), budget documentation (PI-5), central government operations outside financial reports (PI-6), performance information of service delivery (PI-8), public access to fiscal information (PI-9), debt management (PI-13), medium-term perspective in expenditure budgeting (PI-16), budget preparation process (PI-17), payroll controls (PI-23), procurement (PI-24), internal controls on non-salary expenditure (PI-25), internal audit (PI-26), in-year budget reports (PI-28), external audit (PI-30), and legislative scrutiny of audit reports (PI-31).

### 8. Complementarity with PEFA framework

SIGMA PPA is broader than the PEFA framework, covering a wider range of public administration elements other than PFM. SIGMA PPA provides a further drill-down in the following:

- Budget management (4 indicators with 26 sub-indicators)
- Internal control and audit (4 indicators with 19 sub-indicators)
- External audit (2 indicators with 10 sub-indicators)
- Public procurement (5 indicators with 59 sub-indicators).



## Development and use

### 9. Development and coordination

SIGMA (Support for Improvement in Governance and Management) is a joint initiative of OECD and European Union (EU). SIGMA was regularly carrying out assessments from 1999 without any ratings or indicators. In 2014, SIGMA developed a standardized framework for Principles of Public Administration to make the assessments less subjective. External audit standards from INTOSAI and procurement standards of EU were taken to develop the principles on audit and procurement. The PPA framework was developed for ENP countries in 2017 and updated with very minor changes in 2019.

### 10. Assessment management

Assessment planning is the responsibility of the SIGMA country manager and other senior SIGMA staff. Qualitative and quantitative data for assessment is collected through desk review and interviews with high-ranking officials at the political and administrative levels of public administration.

The assessment for preparing the monitoring reports is managed by the custodian through desk reviews of legislation, regulations, reports, and government data, among others; interviews with partner country officials; reviews of cases and samples of government documentation; observations of practice and on-site verification; surveys of the population and businesses; and surveys of contracting authorities and businesses.

The SIGMA team attribute their success in managing the assessment to a strong network with country governments and other local stakeholders facilitating seamless data collection and other aspects of coordination.

The tool custodian provides quality assurance, including validation of country responses by the assessed administration. To facilitate interpretation of legal provisions and policy framework, SIGMA conducts interviews with CSOs, academics, and other stakeholders, and analyzes relevant jurisprudence and academic literature. Data received from the administration on the performance of service delivery mechanisms is triangulated with other sources of information on each topic.

### 11. Uses by the government and members of the PFM community

SIGMA's partner countries use the data and analyses to inform their own public administration reform activities. The European Commission (EC) reviews the progress made by EU candidate and potential candidate countries in several areas of public administration reform (PAR). Assessment findings feed into the EC's annual progress reports and technical assistance programs.

The primary objective of SIGMA is to support partner countries in improving public administration. SIGMA assessment findings may be used by international financial institutions such as the World Bank and IMF to structure their aid and development programs.

### 12. Sequencing with other tools

The tool may not be sequenced with any other tools as it is a unique tool having broad coverage in the area of public administration. However, PFM-function-specific tools in the areas of procurement, audit, or treasury and cash management can be used to complement the findings if weaknesses are found through the SIGMA assessments.



## Development and use

### 13. PFM capacity building

PPA reports provide repeated recommendations as well as new recommendations which are structured into long-, medium-, and short-term reform initiatives. Ex-post capacity building initiatives resulting from the assessment are as follows:

- SIGMA regularly organizes workshops and conferences with partner countries to share good practices.
- SIGMA helps supreme audit institutions (SAIs) and public procurement institutions of partner countries in formulating strategic development plans and action plans for reforms.
- SIGMA collaborates with CSOs through a project called WEBER (a regional association of CSOs).

A strategy toolkit for public administration reform is also available in English and French to guide the reader through each stage of development, implementation, monitoring, and overall management of public administration reform strategies.

### 14. Tracking of changes and frequency of assessments

The monitoring reports briefly capture the main developments and progression in scores of a country from the last assessment. The scores from the last monitoring report are compared with the current scores and are analyzed to ensure that assessments are objective and backed by evidence, and that changes in successive assessments provide a reliable measure of progress. Recommendations are tracked from one assessment to the other.

The frequency is aligned with the timelines of EC annual reports. Full assessments are carried out every two to three years with partial assessments (i.e., monitoring) being conducted in between to provide input to the EC annual reports.

### 15. Resource requirements

Cost of assessments are covered as part of the overall grants provided to SIGMA. Planning for assessments starts one year in advance. The assessment team start their work six months prior, and the actual time taken for on-site visits, drafting, and validation takes about three months.

## Transparency



### 16. Access to methodology

The PPA is available. The Methodological Framework of the Principles of Public Administration (PPA) is [available](#).

### 17. Access to assessment results

Baseline measurement reports (full assessments) and the subsequent monitoring reports (partial assessments) analyzing the performance against the Principles of Public Administration are [available](#). Assessment reports on the reviews carried out against the principles and a strategy toolkit for the development and implementation of public administration reform (PAR) and sector strategies are [available](#).

## Open Budget Survey (OBS) - International Budget Partnership



### Objective and features

#### 1. Objective

OBS is an independent, comparative, and fact-based research instrument that uses internationally accepted criteria to assess budget openness on three parameters at the national level:

- Transparency – public access to central government budget information.
- Participation – opportunities for the public to participate in the national budget process.
- Oversight – role of independent oversight institutions, such as legislatures and supreme audit institutions.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

The Open Budget Questionnaire is composed of five sections:

1. Public Availability of Key Budget Documents assesses the public availability of a country's eight key budget documents: (1) executive's budget proposal, (2) pre-budget statement, (3) enacted budget, (4) in-year reports, (5) mid-year review, (6) year-end report, (7) audit report, and (8) the Citizen's Budget.
2. Comprehensiveness of the Executive's Budget Proposal seeks to assess the comprehensiveness of the information provided in the executive's budget proposal and its supporting documentation.
3. Comprehensiveness of Other Key Budget Documents assesses the comprehensiveness of the information provided in the other seven key budget documents that should be published throughout the budget process.
4. Role and Effectiveness of the Oversight Institutions in the Budget Process assesses the effectiveness of the legislature and Supreme Audit Institution (SAI) in overseeing the budget process.
5. Public Engagement in the Budget Process focuses on opportunities for public engagement during the budget process.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The results for each country in OBS 2019 are based on a questionnaire comprised of 145 scored questions that assess the public availability of budget information (109 questions), opportunities for the public to participate in the budget process (18 questions), and the role of the legislature and the SAI (18 questions). Once completed, the questionnaire responses are quantified.

All responses to the OBS questions are supported by evidence. This includes citations from budget documents; the country's laws; or interviews with government officials, legislators, or experts on the country's budget process. OBS is not intended to evaluate the quality or credibility of information that a government might provide.

The questionnaire focuses on the activities of the central government and does not address the role of subnational governments. In 2011 and 2013, IBP implemented two rounds of subnational budget transparency studies. There have been instances of IBP civil society partners and IBP country offices adapting the OBS to assess budget transparency at the subnational level (e.g., Metro OBS in South Africa). For the OBS 2019, IBP piloted an assessment of budget transparency in health and education sectors.

#### 6. Benchmarking system

Benchmarking with scoring. Most of the survey questions require researchers to choose from five responses. Responses "a" or "b" describe best or good practice. Response "a" indicates that the standard is fully met or exceeded (score 100), and "b" indicates that the basic elements of the standard have been met or largely met (score 67). Response "c" corresponds to minimal efforts to attain the relevant standard (score 33), while "d" indicates that the standard is not met at all (score 0). An "e" response indicates that the standard is not applicable. Certain questions, however, have only three possible responses: "a" (score 100), "b" (score 0), or "c" (not included in the aggregate score).

#### 7. Linkage to PEFA framework

OBS questions correspond to PEFA performance indicators: budget preparation process (PI-17), in-year budget reports (PI-28), annual financial reports (PI-29), and external audit (PI-30).

#### 8. Complementarity with PEFA framework

OBS goes into more detail in many areas covered by a PEFA assessment, particularly with respect to public availability and comprehensiveness of budget information, role and effectiveness of oversight institutions, and opportunities for public participation in the budget process.



## Development and use

### 9. Development and coordination

OBS was developed by International Budget Partnership (IBP) in 2006 in response to the interest of civil society organizations (CSOs) in promoting budget transparency, in order to access budget information and engage in the budget process. OBS was developed with support from Open Society Institute, Ford Foundation, William and Flora Hewlett Foundation, and UNICEF. Other private foundations and bilateral donors also provided support.

Various budget transparency tools were referred to at the time of development of OBS, including those from the Institute for Democratic Alternatives in South Africa (IDASA) and Fundar Center for Research and Analysis. Assessment questions were based on international standards and good practices and were drawn from OECD's Best Practices for Budget Transparency, IMF's Code on Fiscal Transparency, and the Lima Declaration of guidelines on auditing precepts. Two versions of the questionnaire were tested between 2002 and 2004 before finally being launched in 2006.

The indicators on transparency were revised in 2015 based on IMF's Fiscal Transparency Code, PEFA Framework (A01), and OECD's International Budget Practices and Procedures Database (A04). Indicators on oversight (based on OECD's Principles for Independent Fiscal Institutions – 2014 and INTOSAI's principles and standards) and public participation (based on Global Initiative for Fiscal Transparency's principles on public participation) were revised in 2017. IBP also drew upon its experience of conducting assessments and understanding of global practices. These revisions were carried out to best align the indicators with the changes in, or improvements to, international best practices.

For OBS 2021, IBP complemented the report with a rapid assessment of the transparency, inclusiveness, and oversight of the emergency fiscal policy packages that the governments had introduced in response to the pandemic.

### 10. Assessment management

The OBS is managed and led by IBP. The OBS is implemented through a collaborative research process in which IBP works with civil society researchers in countries - encompassing all regions of the world and all income levels - over a two-year period to conduct the survey research and disseminate the results. The questionnaire is completed by researchers typically based in the surveyed country, almost all from CSOs or academic institutions, with a significant focus on budget issues and a common interest in promoting transparent and responsive budgeting practices in their countries.

Custodian quality assurance procedures apply, including government consultations and independent peer review. Upon completion, IBP staff analyze and discuss each questionnaire with individual researchers over a three- to six-month period. IBP seeks to ensure that all questions are answered in a manner that is internally consistent within each country, and consistent across all surveyed countries. The answers are also cross-checked against published budget documents and reports on fiscal transparency issued by international institutions. Each questionnaire is then reviewed by an anonymous peer reviewer who has substantial working knowledge of the budget systems in the relevant country.

IBP also invites the governments of nearly all surveyed countries to comment on the draft OBS results. IBP reviews peer reviewer comments to ensure that they are consistent with the survey's methodology. Any peer reviewer comments that are inconsistent are removed, and the remaining comments are then shared with researchers. Researchers respond to comments from peer reviewers and their government, if applicable, and IBP referees the final responses to ensure consistency across countries in selecting answers.

### 11. Uses by the government and members of the PFM community

The survey is used for measuring and understanding budget openness by:

- governments, civil society, and development partners to understand where and how to improve budget transparency, public participation, and oversight;
- development partners to inform foreign assistance strategies and operations;
- governments to benchmark progress and guide their reforms;
- credit rating agencies and foreign investors for risk assessments;
- the World Economic Forum for its Economic Competitiveness Index;
- the Open Government Partnership to determine eligibility to join the partnership; and
- civil society to inform their campaigns and engage with governments on the use and reporting of public funds.



## Development and use



### 12. Sequencing with other tools

OBS data can be a useful input to a PEFA assessment. It can also add detailed information on budget openness to the discussions following a PEFA assessment.

### 13. PFM capacity building

A goal of the OBI process is to build the capacity of CSOs participating in the OBS to analyze budgets and engage national stakeholders in implementing reform through training, meetings, and technical support. Country researchers participate in an initial in-person methodology workshop and receive support throughout the entire process through a variety of mediums. Research partners also attend an engagement workshop prior to the release of the OBS to discuss strategies for disseminating the survey results at the national level.

Governments reach out to IBP for support in implementing the recommendations. Since it may not be feasible for IBP to work on per-country basis, IBP often connects governments with the Global Initiative for Fiscal Transparency, institutions such as the WB and IMF, and local civil society partners in response to such requests. IBP may coordinate and support the finance ministry in implementing the recommendations.

### 14. Tracking of changes and frequency of assessments

Assessments are usually carried out every two years. The transparency scores calculated for each country as part of the OBS are part of a time series that allows for comparisons between countries and over time. The OBS report enables cross-country comparison in scores of all the evaluated countries, and comparison with previous assessments is available on IBP's website.

### 15. Resource requirements

Around US\$40,000 per country. The research process for the OBS spans about 18 months, and the OBS is typically released every two years.

## Transparency



### 16. Access to methodology

Methodology is [available](#). All questionnaires are available on IBP website. Exchanges and debates between researchers and peer reviewers are published in the final questionnaire. Governments are also invited to comment on the questionnaire and their comments are also published on the website. In addition, IBP publishes a global report, individual country reports, and the OBS dataset. Survey instrument with instructions is [available](#).

### 17. Access to assessment results

A report repository is [available](#). IBP publishes the complete OBS dataset for each iteration of the survey on its website.

## Public Expenditure Review (PER) - World Bank



### Objective and features

#### 1. Objective

The objectives of the PER are to

- strengthen budget analysis and processes to achieve a better focus on growth and poverty reduction;
- assess public expenditure policies and programs and provide governments with an external review of their policies; and
- address the incentives and institutions needed to improve the efficacy of public spending in major sectors such as health and education, or issues such as civil service reform, fiscal decentralization, and service delivery.

#### 2. Institutional coverage

National and subnational governments and sectors.

#### 3. Technical coverage

PERs involve an assessment of PFM institution effectiveness across the sector in areas of (1) the legal framework, (2) budget planning and preparation, (3) budget execution and reporting, and (4) compliance and review.

Reviews focus on fiscal discipline and allocation of resources consistent with policy priorities and less so on downstream PFM elements. PERs also provide an analysis of the institutional context of PFM, including the process of budgetary decision-making and differences between formal and informal practices.

PERs rarely consider PFM issues in depth; typically, they are more concerned with issues of expenditure, the value for money of sector policy choices, and overall outcomes. PERs may consider the flow of funds through the sector, but broader issues related to a PFM institution are not usually a particular focus of these studies.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

PER approach depends on its objectives and may involve a mix of qualitative and quantitative methods to assess the efficiency and effectiveness in public spending. The core PER guidance (1996) sets out some common elements of a PER approach which, in practice, are amended or adapted to areas of specific concern. Common characteristics of PERs are (1) comparisons over time to assess relative change in sector spending and outcomes, and (2) comparisons between similar countries to benchmark performance against comparators. PERs provide recommendations.

#### 6. Benchmarking system

Narrative evaluation.

#### 7. Linkage to PEFA framework

The PER's analyses of expenditure management systems are arranged in relation to the same three main budgetary outcomes as a PEFA assessment. The PFM diagnostic questions of the PER largely correspond to the PEFA framework.

#### 8. Complementarity with PEFA framework

PERs complement PEFA by providing an analysis of expenditure policy and operational effectiveness in addition to some overlap with PEFA framework on expenditure management systems.





## Development and use

### 9. Development and coordination

A WB Discussion Paper from May 1996 refers to PER dating back to 1957. The same paper notes the increased application of the tool since 1980s. The Public Sector Governance Board is responsible for the overall direction of development of PERs; however, there is considerable flexibility given to the WB country and sector managers in the product offered to client countries.

### 10. Assessment management

Considering the flexible scope and variability in the coverage of PERs, management arrangements differ in terms of complexity. A number of data constraints and lack of guidance on the selection of appropriate tools and techniques imply that the analytical topics and ambitions exceed what is realistic, or, on the other hand, that the analysis and conclusions are not fully unfolded in the PER due to poor and insufficient utilization of techniques and actual data. To address these points, WB has developed a guidance note to standardize the application of PERs by applying the efficiency, effectiveness, and equity lenses, by using BOOST standard tables, and tools and techniques well adapted to analytical purposes. The note introduces an iterative process as part of the PER identification, between the analytical questions/topics on the one hand, and techniques, tools, and BOOST expenditure standard tables on the other hand, to give the PER teams clarity on the realistic analytical breadth and depth in the PER.

Custodian, internal quality assurance arrangements apply. Country directors and Poverty Reduction and Economic Management (PREM) sector managers in the WB regions are responsible for the quality of individual PERs. Task managers must make provision for quality assurance, including peer reviews, when planning PERs.

### 11. Uses by the government and members of the PFM community

PERs are used to guide the WB's approach to public expenditure Country Assistance Strategy (CAS), as background to economic and sector work (ESW), and to inform the Board of a country's fiscal policy and processes. PERs are also used by governments in determining whether budgetary allocations reflect the policy priorities specified in medium-term expenditure frameworks and long-term plans, and in identifying ways to improve existing medium-term plans or long-term plans to achieve faster progress toward their policy objectives.

### 12. Sequencing with other tools

A PER has at times been combined with a PEFA assessment to provide a comprehensive and integrated analysis of expenditure policy and PFM management systems. Some PERs incorporated PEFA assessment findings and findings of related diagnostics such as Country Financial Accountability Assessments (CFAAs) and Country Procurement Assessment Reviews (CPARs), which are both discontinued.

### 13. PFM capacity building

A concept note identifies the target audience and dissemination strategy, the participatory approach to be followed, and the involvement of government officials and other development partners. WB has increasingly trained counterpart staff so that they can contribute at all stages of preparing a PER.

### 14. Tracking of changes and frequency of assessments

PER includes reference to the developments (both qualitative and quantitative) since the previous PER. Frequency of assessments is as agreed with the government (typically every four to five years).

### 15. Resource requirements

Costs can vary depending on scope. PERs can take up to two years to deliver from inception through publication. A multidisciplinary team of sector specialists is required. PERs typically require staff with expertise in econometric and statistical analysis.

## Transparency



### 16. Access to methodology

Methodology is [available](#).

### 17. Access to assessment results

PER reports can be accessed by searching the term “public expenditure review” on the World Bank's [Open Knowledge Repository](#).

## Rapid Assessments and Action Plans to Improve Delivery in SNGs (RAAP-ID) - World Bank



### Objective and features

#### 1. Objective

The objectives of the RAAP-ID are to:

- identify key weaknesses in PFM systems and address their impact on the fiscal situation and the provision of services with a focus on short- and medium-term resolution measures; and
- propose a series of managerial and operational reforms to improve managerial capacity, probably with a positive impact on the fiscal situation and/or the provision of services.

#### 2. Institutional coverage

Subnational governments.

#### 3. Technical coverage

RAAP-ID covers the following:

1. Public administration management
2. Asset management
3. Tax administration
4. Public procurement/contracting
5. Ensuring fiscal sustainability
6. Public expenditure management.

#### 4. Application method

Custodian, self-assessment. Once a baseline RAAP-ID is performed by the custodian, there-on self-assessment can be performed, although this was not a general practice. For self-assessment, public staff are trained, and capacity-building initiatives are rolled out after the initial assessment.



### Methodology

#### 5. Methodology

The methodology consists of 275 questionnaires that contain a list of the main expected results that each of the six key areas are expected to achieve. The performance of the subnational administration in achieving these results is analyzed. Although the results of the methodology will be mostly qualitative, the analysis will be supported by quantitative measures that could be used as indicators for monitoring to assess subsequent improvements. The necessary institutional arrangements for each outcome will also be identified and evaluated.

RAAP-ID looks at the performance level of the whole public administration system by focusing on different points of input for service delivery across the value chain. The assessment describes the strengths and weaknesses of the institutional and managerial aspects that are generally considered to contribute to the expected results. Once the deficiencies have been identified, the action plan will propose a series of reforms that could be implemented in a span of six months without additional funding and will contribute to the creation or improvement of institutional arrangements. If any new issues are identified during the reform phase, additional support is given to address these issues. A common characteristic of the reform measures is that subnational authorities can make decisions about them without any kind of central government intervention. The measures will consist of management reforms (organizational, resource allocation, processes, and systems) that are expected to improve operations.

#### 6. Benchmarking system

RAAP-ID is a qualitative assessment (narrative only).

#### 7. Linkage to PEFA framework

The following aspects of the PEFA assessment could be covered, but this list is not exhaustive: public investment management (PI-11), asset management (PI-12), budget preparation process (PI-17), accounting for revenue (PI-20), and procurement (PI-24).

#### 8. Complementarity with PEFA framework

RAAP-ID is used at the subnational government (SNG) level and has a drill-down approach in identifying the deficiencies and developing an action plan to assess PFM systems across the PFM cycle.



## Development and use

### 9. Development and coordination

The development of RAAP-ID started in 2008, with the emerging need to assess the quality of public administration of Latin American SNGs. WB's policy dialogue with national and subnational governments in the region led to capacity-building initiatives and eventually the RAAP-ID was conceptualized to sustain this approach across other SNGs in the region. Methodologies for analyzing public sector operations at the central government level were adapted to the reality of administrative operations of the municipality. Many questions in the RAAP-ID were based on the PEFA framework. WB's public procurement tools were also used as reference during the tool development.

An attempt to standardize the tool for wider application was not entirely successful as the tool application was customized to the SNGs at the time of tool development. RAAP-ID has been funded by multiple international institutions and coordinated with other development agencies.

### 10. Assessment management

Assessment is demand driven. It aims at collecting information that should be readily available. A standard questionnaire is complemented with data from national institutions (Planning, Finance [or Fiscal Affairs], Statistics). A national framework is taken as the starting point and SNGs are evaluated in the context of the fiscal challenges to be addressed.

While moving from diagnosis to action plan, the RAAP-ID takes the defined framework at the national level as a starting point and evaluates the SNG in the context of the fiscal challenges to be addressed. Custodian quality assurance procedures apply (including peer review process) before the report is published.

### 11. Uses by the government and members of the PFM community

Used by SNG governments to identify practical steps that can be taken to improve PFM systems.

### 12. Sequencing with other tools

MiGestion (A09), which evaluates the performance of PFM systems at the SNG level, also covers some of the areas (procurement, public administration systems) that RAAP-ID covers. Considering the drill-down approach of the RAAP-ID, specific to the problem statement and related PFM systems, it could complement the findings of the MiGestion.

### 13. PFM capacity building

After the assessment, capacity development may take place in the local government on demand. Initiatives are rolled out across the value chain to strengthen the capacities of public administration officials involved in service delivery. However, this was not necessarily a general practice in all cases where the RAAP-ID was implemented.

### 14. Tracking of changes and frequency of assessments

Since the actions taken or the reform plan are for short or medium term, there are no follow-up assessments to track changes. Due to the nature of the assessment, frequency is customized to the country's context.

### 15. Resource requirements

RAAP-ID costs about US\$100,000 and depends largely on assessment scope, number of assessed management areas, and travel costs.

Field mission takes one to two weeks and report preparation takes three months. The team of experts includes one senior expert from each of the areas to be assessed in the PFM cycle, a task manager who coordinates the work, and staff to do the study and analysis.

## Transparency



### 16. Access to methodology

There is a general guidance with a questionnaire attached for reference. This is specifically targeted to evaluate PFM systems functioning at the SNG level. A user guide is developed in Spanish ([available](#)) but is not available in English. Methodology is publicly [available](#).

### 17. Access to assessment results

There is no central repository of reports. Reports are available at each of the SNG's operation portals.

## MiGestion Institutional Capacity Diagnostic - World Bank



### Objective and features

#### 1. Objective

MiGestion aims to provide municipal authorities with a view of the strengths and weaknesses of the administration of their municipalities as well as actions toward more and better services to their citizens.

#### 2. Institutional coverage

Subnational governments (small subnational governments in particular).

#### 3. Technical coverage

MiGestion covers five PFM-related subjects and 10 functional areas within the subjects:

1. Budgetary and financial management
2. Procurement systems
3. Revenue mobilization systems
4. Public administration systems
5. Public information systems.

In addition to the ten functional areas, five crosscutting dimensions of performance (effectiveness, efficiency, sustainability, strategy, and transparency) are also defined within the tool as necessary for the proper functioning of subnational governments (SNGs).

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

Performance within each area is measured using detailed indicators. Each indicator includes the following: name, code, rationale, description of the desired situation or best practice, dimensions affected, area, sub-area, type, weight, covered period of time, range when applicable, formula, normalization rule, methodological comments, source of information, guide for the assessment, means of verification, suggested evidence, and variables used to calculate the indicator, when applicable.

Each indicator is measured based on the resource/evidence collected during the assessment. Indicators are then prioritized based on their scores. Prioritization is conducted to identify weaknesses and to focus on these areas. The assessment further provides recommendations and their implementation timeframe.

The assessment results are categorized under the following headings: Global Result, Operative Performance, Transparent Management, Diagnosis by dimension, and Diagnosis and Analysis by functional area.

#### 6. Benchmarking system

MiGestion is composed of five types of indicators: (1) percentage, (2) range, (3) situation, (4) numeric, and (5) true/false. All are normalized to have scores ranging from 0 to 100.

#### 7. Linkage to PEFA framework

MiGestion seeks to provide a comprehensive evaluation framework such as the PEFA. There are similarities in the technical coverage in reference to the budget planning and management, execution, and asset and liabilities management and audit.

#### 8. Complementarity with PEFA framework

SNG PEFA assessment data can be fed into MiGestion and vice versa to derive a comprehensive analysis of the PFM systems at the municipality level and can be scaled across all the municipalities at a subnational and national level.



## Development and use

### 9. Development and coordination

MiGestion is the first step leading to the implementation of WB's Small Municipalities Strategy, which consists of four pillars: shared infrastructure and transactional software to support day-to-day back-office and citizen services functions, sustained technical assistance, citizen participation in the public management cycle, and coordination between levels of government and regulatory aspects.

The benchmarking system was developed after analyzing the PEFA methodology, the Tax Administration Diagnostic Assessment Tool (TADAT) methodology, and the Public Investment Management Assessment (PIMA) methodology.

PFM practices adopted at the national and subnational level in countries (e.g., Colombia, Peru, Mexico, and Indonesia) were studied in detail to develop the methodology. Consultations were held with practitioners and senior officials from Latin and Central America at national and subnational level, as well as with WB experts.

Collaboration on technical assistance programs occurs at times with development partners and international organizations (e.g., World Bank and International Finance Corporation) to support the implementation of MiGestion across SNGs.

### 10. Assessment management

MiGestion is an internet-based software tool that has a user-friendly interface to visualize the information gathered, the officer responsible for providing evidence, the benchmarking standards, and the analyzed data. This unique feature simplifies the approach for data comparison and verification, decision-making, and implementing reforms.

An initial assessment request is made by the central government. The assessment is conducted in three phases: preparation, on-site evaluation, and follow-up. The following five areas are prioritized during preparation: (1) public investment, (2) financial management, (3) procurement and asset management, (4) revenue management, and (5) citizen case management. The second phase covers the following five areas: (6) human resources, (7) monitoring and evaluation, (8) planning, (9) audit and control, and (10) citizen participation.

The web-supported visualization of results makes it possible to engage in (1) comparisons over time (setting a baseline for assessing progress); (2) comparisons among similar municipalities (or average) municipalities if desired, facilitating peer-to-peer learning; (3) collection and use of "big data" that will enable a better understanding of small municipalities and the calibration of targets that could later be used to adjust the benchmarks; (4) geo-location of assessment results, which will help national/regional governments understand regional dynamics and design targeted policies.

Custodian quality assurance (WB) procedures apply, including peer review process.

### 11. Uses by the government and members of the PFM community

Used by mayors, central government agencies, associations of municipalities, and local development banks or donors. It helps implement changes, monitor progress, foster learning from peer municipalities' experiences, and create a platform for collaboration.

### 12. Sequencing with other tools

As the tool is applicable to very small municipalities, sequencing with other tools may not be possible besides complementing the RAAP-ID (Ao8).

### 13. PFM capacity building

The assessment findings are accompanied by an action plan where the objectives, activities, roadmap, favorable conditions to execute the improvement plan, and timelines are clearly laid out. Action plans include various capacity-building initiatives.

### 14. Tracking of changes and frequency of assessments

Available. Tracking of changes is present primarily to identify and manage the gaps and provide an action plan to implement the recommendations.

The toolkit features an option, where assessment results are showcased through a traffic light method that highlights improvement from red to green over a period. Recommended assessment frequency is two to three years.

### 15. Resource requirements

Three team members are engaged: two specialists (one of whom will act as the assessment manager) and a supporting professional.

## Transparency



### 16. Access to methodology

Methodology is not publicly available.

### 17. Access to assessment results

Repository and database are not available.

## Benchmarking Fiscal Decentralization (BFD) - Council of Europe



### Objective and features

#### 1. Objective

The BFD tool aims to support evidence-based decision-making through identifying areas of fiscal decentralization that could be improved, allowing local authorities to make best use of available resources.

#### 2. Institutional coverage

Subnational governments (for all Council of Europe [CoE] countries).

#### 3. Technical coverage

The dimensions covered by the framework are as follows:

1. Fiscal framework and policy
2. Budget management
3. Tax policy design and administration
4. Policy and regulatory frameworks.

#### 4. Application method

Self-assessment, custodian or external. BFD can also be used for self-assessment with the help of previously trained local experts.



### Methodology

#### 5. Methodology

The benchmarking toolkit works as a checklist with details on activities, indicators, and verification documents to score local governments. The checklist covers areas such as the principles of local fiscal policies, budgeting and fiscal planning, and local policy design. Some of the indicators require qualitative or quantitative analysis to assign a score. When qualitative, a score is given using expert judgment or peer review based on documents, local practices, surveys, or previous assessments. The quantitative analysis uses data that the local governments provide. For example, when assessing the fiscal autonomy, data on local rate settings and the scope of local discretion on legislated sharing ratio transfers may be *analyzed*.

The resources required are the *toolkit checklist* and any subsequent documents needed to determine scoring. For example, under local taxation, the scoring for the component “local taxation should be operated at low administrative costs” can be assessed using the indicator “total tax administration costs in percent of local expenditure on administration.” To determine the score, municipal fiscal statistics or local budget will be required to provide the *information*.

#### 6. Benchmarking system

The toolkit has a scoring system of 0 to 10 (10 being the highest score) for each indicator/activity. High scores indicate successful areas of local finances, and low scores help identify the areas for improvement. Further investigation is needed to identify the real causes of lower performance.

#### 7. Linkage to PEFA framework

BFD covers aspects related to the following PEFA performance indicators: aggregate expenditure outturn (PI-1), expenditure composition outturn (PI-2), revenue outturn (PI-3), budget classification (PI-4), budget documentation (PI-5), transfers to subnational governments (PI-7), macroeconomic and fiscal forecasting (PI-14), accounting for revenue (PI-20), predictability of in-year resource allocation (PI-22), internal audit (PI-26), and external audit (PI-30).

#### 8. Complementarity with PEFA framework

BFD covers the entire PFM system. The central government component of BFD can provide inputs to PI-7 (transfers to subnational governments) and 10.2 (Fiscal Reporting – Monitoring of Subnational Government) assessments as well as a detailed analysis of underlying issues where weaknesses in those indicators have been identified in a PEFA assessment.





## Development and use

### 9. Development and coordination

In 2004, the CoE started to develop recommendations on local financial management. The recommendations were based on the CoE's work in this area and were prepared in an open format after consultations with IMF, WB, and OECD. The recommendations, although relevant and useful, were not being used in practice. Considering this, the recommendations were translated into benchmarks. Thus, the benchmarks underlying the BFD tool are largely based on the recommendations and contain some additional guidance on how to score.

The local component of the tool was first piloted in 2008 (in Bulgaria and then in Ukraine). It was further improved in response to the economic crisis, and in 2013, it was used in municipalities (in Greece, Portugal, and Spain). The implementation began in Eastern Partnership countries under the CoE/European Union Eastern Partnership Programmatic Cooperation Framework for 2015–2017. This tool enables these countries to understand the areas for improvement in their subnational governments and prioritize actions in order to efficiently allocate resources.

The central component of the tool was developed after the local component and is currently being implemented in Greece under a joint CoE–EU project.

For the Eastern Partnership (EaP) countries, using the tool to balance local needs with public service performance and enabling efficient resource utilization is critical given the limited economic resources and political conflicts. The tool was utilized in the EaP countries under the CoE/European Union Eastern Partnership Program Cooperation Framework for 2015–2017.

### 10. Assessment management

Data from local governments is an input for the assessment. No formalized quality assurance procedure is envisaged. Assessor training and hands-on guidance from international experts are available to ensure quality.

### 11. Uses by the government and members of the PFM community

Used primarily for diagnostic purposes to help government bodies identify areas of intervention and prioritize development actions.

For public policy making, benchmarking provides evidence for decision-makers through scoring and ranking.

The tool supports governments at both national and local levels in identifying (1) effective revenue raising, (2) equitable intergovernmental fiscal relations, and (3) efficient local financial management.

The Council of Europe uses these benchmarks for policy advice. The tool is targeted at COE members but could be used by other countries.

### 12. Sequencing with other tools

There is no sequencing with other tools.

### 13. PFM capacity building

The BFD tool supports policy makers in designing fiscal decentralization and supports elected officials and the local administration in designing targeted municipal actions in terms of local financial resources use and financial management.

### 14. Tracking of changes and frequency of assessments

While there is no specific information on how changes between assessments are captured, if the assessment is repeated, users can compare the results in scores to determine changes. The assessment is carried out upon request and depends on the municipalities volunteering to participate, and there is no predefined frequency.

### 15. Resource requirements

About €20,000–€100,000. This estimate includes costs for training local experts, fieldwork, and report preparation.

Resource requirements depend on the level of participation from the local government. A typical assessment entails three to four days of training local experts, two to three days of fieldwork, and three to four days of report preparation. It can take from two months to a year to carry out the entire exercise - from receiving the request to having the final stakeholder meeting.

## Transparency



### 16. Access to methodology

The [Local Finance Benchmarking Toolkit](#) (2017) has been developed and is publicly available, although there is limited information available on how the assessment should be carried out and reviewed. A summary report explaining options for assessing local financial resources and financial management is also [available](#).

### 17. Access to assessment results

Publication of assessments depends on the government's discretion.

# Country Policy and Institutional Assessment (CPIA) - World Bank



## Objective and features

### 1. Objective

The CPIA is a diagnostic tool that is intended to capture the quality of a country's policies and institutional arrangements focusing on the key elements that are within the country's control.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The CPIA rates countries against a set of 16 criteria grouped in four clusters: (1) economic management, criteria 1–3; (2) structural policies, criteria 4–6; (3) policies for social inclusion and equity, criteria 7–10; and (4) public sector management and institutions, criteria 11–16. The criteria are focused on balancing the capture of the key factors that foster growth and poverty reduction, with the need to avoid undue burden on the assessment process.

In line with the scope of the stocktaking study, the technical coverage is focused on cluster 4, in particular on criterion 13, Quality of Budgetary and Financial Management.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The CPIA measures the extent to which a country's policy and institutional framework supports sustainable growth and poverty reduction, and consequently, the effective use of development assistance. The outcome of the exercise yields both an overall score and scores for all the 16 criteria that make up the CPIA.

The International Development Association's (IDA) resources are allocated on the basis of Country Performance Ratings (CPR) that are calculated based on the CPIA by country. The WB country teams prepare rating proposals based on available data. Country teams' rating proposals are accompanied by a write-up using the format provided by the Operations Policy and Country Services (OPCS), which provides the rationale for the proposed rating for each of the 16 criteria.

### 6. Benchmarking system

Benchmarking with scoring. For each criterion, countries are rated on a scale of 1 (low) to 6 (high). A rating of 1 corresponds to a very weak performance, and a rating of 6 to a very strong performance. Intermediate scores of 1.5, 2.5, 3.5, 4.5, and 5.5 may also be given. Each of the four clusters has a 25 percent weight in the overall rating. Within each cluster, all criteria receive equal weight, although components within a criterion may be weighted differently. The overall score is obtained by calculating the average score for each cluster, and then by averaging the scores of the four clusters. The overall country score is referred to as the IDA Resource Allocation Index (IRAI).

### 7. Linkage to PEFA framework

CPIA (WB) assessment draws from the performance indicators related to relevant criteria elements, such as aggregated expenditure outturn (PI-1), budget documentation (PI-5), debt management (PI-13), revenue administration (PI-19), annual financial reports (PI-29), and external audit (PI-30).

### 8. Complementarity with PEFA framework

CPIA guidelines refer to PEFA reports as source for scoring specific PFM-related criteria.





## Development and use

### 9. Development and coordination

The WB CPIA assesses the conduciveness of a country's policy and institutional framework to poverty reduction and sustainable growth, and the effective use of development assistance. The CPIA enters the calculation of country performance ratings, which have been used since 1980 to allocate IDA resources to eligible client countries.

Over the years, the criteria have evolved reflecting lessons learned and mirroring the evolution of the development paradigm. In 1998, the criteria were substantially revised to include governance and social policies, the number of criteria was set at 20 (where it remained until 2004), and the ratings scale was changed from a 5- to a 6-point scale.

In 2001, further changes were introduced. These changes included establishing a written record, providing detailed guidance for criteria with several subcomponents, revising the content of the criteria, and explicitly defining the rating levels 2, 3, 4, and 5 (previously only the 2 and 5 rating levels were fully defined). In 2004, the existing criteria were revised on the basis of an external panel review constituted by the WB, resulting in the present set of 16 criteria. In 2011, following an evaluation by the Independent Evaluation Group (IEG), the criteria were revised to ensure that the content of the revisions were commensurate with the availability of information and the World Bank's ability to assess countries, particularly IDA countries, and to ensure some continuity in the criteria to avoid unwarranted changes in scores. Further details regarding development and revisions are available on the WB [website](#).

### 10. Assessment management

The WB CPIA process is conducted in-house by the WB economists, sector specialists, and other members of country teams. A plethora of assessments along with country data are referred to for arriving at the country ratings. Some of the relevant ones include PEFA (A01), PER (A07), and Systematic Country Diagnostic. A detailed list of all sources to be referred to are mentioned in the WB CPIA criteria document.

In the first stage of the process, benchmark countries from each of the WB's six regions undergo intensive assessment to ensure consistency across regions, including setting regional benchmarks. In the second phase, each region assesses the remaining countries using the regional benchmark as a reference. Consultations are held with the country officials during this phase. During these consultations, countries produce material evidence that may have been overlooked by the World Bank team. Such evidence is taken into consideration before deciding the final rating.

To enable consistency across regions, and comparability of ratings across countries, WB CPIA scores are made final only after a two-stage review process: first, a regional review led by the chief economist to ensure the consistency of the scores within the region, and then a global practice (GP) and a Crosscutting Solution Area (CCSA) level review to ensure consistency across regions. Any differences between regions and GPs/CCSAs will be brought to the attention of the OPCS Vice-President for resolution.

### 11. Uses by the government and members of the PFM community

Ratings are used by the WB to calculate country performance ratings and to rank the ability of countries in making effective use of aid. CPIA is integrated in the IRAI, that is, based on the results of the annual CPIA exercise that covers the IDA-eligible countries.

### 12. Sequencing with other tools

There is no sequencing with other tools.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

The assessment frequency is annual and comparison with previous assessments are [available](#).

### 15. Resource requirements

The cost of conducting the assessment globally is estimated at US\$1 million. The average time taken for the assessment is from three to four months.

## Transparency



**16. Access to methodology** CPIA (WB) 2017 criteria document is [available](#).

### 17. Access to assessment results

CPIA (WB) scores, IDA Resource Allocation Index (IRAI), and IDA Country Performance Ratings (CPR) are [available](#), and database of assessments is [available](#).

## Country Policy and Institutional Assessment (CPIA) - African Development Bank



### Objective and features

#### 1. Objective

The CPIA aims to assess the quality of policies and the performance of institutional frameworks in Africa. It measures the capacity of a country to support sustainable growth and poverty reduction, and the effective use of development assistance.

#### 2. Institutional coverage

National governments (in Africa region).

#### 3. Technical coverage

The tool assesses a country against a questionnaire covering 18 criteria, grouped across five areas: (1) economic management, (2) structural policies, (3) equity and social inclusion, (4) governance and public sector management, and (5) infrastructure development and regional integration.

The technical coverage is focused on the governance cluster, in particular, on Quality of Budgetary and Financial Management.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The tool assesses a country against a questionnaire covering 18 criteria, grouped across five areas: A – coherence of its economic management, B – coherence of its structural policies, C – degree to which its policies and institutions promote equity and social inclusion, D – quality of its governance and public sector management, and E – degree to which its regulatory framework is enabling infrastructure development and regional integration.

#### 6. Benchmarking system

Benchmarking with scoring. The questionnaire results in an overall score, a score across each of the five areas and individual scores for the 18 criteria. The scores across each area are aggregated, and the overall score represents their unweighted average. All scores range between 1 (very weak) and 6 (very strong).

#### 7. Linkage to PEFA framework

The AfDB CPIA covers aspects related to PEFA performance indicators: aggregate expenditure outturn (PI-1), expenditure composition outturn (PI-2), revenue outturn (PI-3), budget classification (PI-4), budget documentation (PI-5), debt management (PI-13), external audit (PI-30), and legislative scrutiny of audit reports (PI-31).

#### 8. Complementarity with PEFA framework

The AfDB CPIA tool's area of focus covers dimensions such as the quality of public administration, transparency, accountability and corruption in the public sector, and financial sector development.

## Development and use



### 9. Development and coordination

AfDB developed its CPIA tool in consultation with WB to ensure alignment with the WB's CPIA tool (A11). The two tools are strongly aligned but not identical. One of the current differences is AfDB's introduction of a fifth cluster covering the government's efforts and enhanced policies in infrastructure and regional integration. The fifth cluster was added in 2013 to strengthen AfDB's policy dialogue in the field.

Following the integration of the AfDB CPIA with the African Economic Outlook (AEO) in 2011, the structure of the AfDB CPIA questionnaire was streamlined to allow for better integration and complementarity with the [AEO report](#). The AEO reviews the economic and political situations of African countries and forecasts short- and long-term economic, social, and political developments.

### 10. Assessment management

A draft qualitative and quantitative evaluation is prepared by AfDB's country economists who then incorporate comments from independent peer reviews and consultations with governmental departments and local authorities. This process, coordinated by the Resource Department, is fully conducted internally by AfDB's sector and regional units.

Quality assurance is provided by independent peer reviewers, in consultation with the government and authorities.

### 11. Uses by the government and members of the PFM community

Used internally by AfDB to form the basis of its performance-based allocation (PBA) system. It also allows AfDB to engage in policy dialogue at both regional and country level and guide its interventions, risk assessments, and applied research.

### 12. Sequencing with other tools

There is no sequencing with other tools.

### 13. PFM capacity building

PFM capacity-building initiatives are undertaken at country level based on the assessment findings, which in turn are reassessed during the next AfDB CPIA exercise.

### 14. Tracking of changes and frequency of assessments

Driven by operational efficiency, the CPIA changed from an annual to a biennial exercise in 2016, given the lag between implementing institutional reforms and experiencing results. Recommended frequency is two years unless specific country circumstances necessitate more frequent assessments. Countries can use the scoring system to track changes.

### 15. Resource requirements

The cost includes negotiated fees for the group of independent experts who perform peer reviews. Otherwise, the process is fully managed and undertaken by the AfDB staff. The CPIA takes around two and a half months to complete, starting around mid-September and concluding by the end of November of the same year.

## Transparency



### 16. Access to methodology

AfDB's CPIA [website](#) offers a high-level overview of the questionnaire, scores, and process. Methodology is [available](#).

### 17. Access to assessment results

AfDB CPIA scores and rankings of countries eligible for the African Development Fund (ADF) are publicly disclosed by the bank through the [CPIA \(AfDB\) Platform](#). Scores of non-ADF-eligible countries are not disclosed publicly.

# Public Financial Management Reporting Framework (PFMRF) - African Organization of Supreme Audit Institutions – English speaking



## Objective and features

### 1. Objective

The PFMRF objectives are as follows:

1. Gather, assess, and report on the effectiveness of public financial management (PFM) processes taking into consideration the ministries, departments, and agencies (MDAs) of central government, and the core PFM institutions such as the Finance Ministry, the Revenue Authority, and the Parliament.
2. Consolidate findings from individual PFM assessments conducted at ministries, departments, and agencies (MDAs), which can impact the whole of government's ability to (1) assess the macroeconomic framework, assumptions, and projections used in the government's overall policy direction to achieve the National Development Plan (NDP); (2) ensure alignment with the Sustainable Development Goals and other international treaties and commitments; and (3) support evidence-based policy decisions through assessment findings.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

PFMRF covers five key PFM processes:

3. Macroeconomic policy, fiscal policy, and strategic budgeting
4. Budget preparation
5. Budget approval
6. Financial management and service delivery
7. Accounting, reporting, and oversight.

### 4. Application method

Self-assessment (led by the country's supreme audit institution).



## Methodology

### 5. Methodology

The evaluation seeks to explain the effectiveness of the PFM processes through the following two areas:

1. Central and coordination – Ministry of Finance, Tax and Customs Authority (TCA), and Parliament which set PFM policies or standards, shape the processes, and coordinate activities undertaken by the MDAs.
2. Sectoral – ministries, departments, and agencies of central government (MDA). In selecting the MDAs to be assessed, any or a combination of the following selection criteria may be applied:
  - a. Choose the largest MDAs according to budget allocation.
  - b. Choose as many MDAs as necessary to cover a certain percent of government spending.
  - c. Prioritize MDAs that are identified as most relevant to delivering the National Development Plan.

The methodology comprises questionnaires for each individual PFM process, which is linked with the respective subprocesses and individual outputs. Questions are included for each output. The questionnaire is to be filled out for the MDAs and core PFM institutions.

Findings are analyzed using a “5-why model” and a performance grade is assigned for a performance related to each question. Then, the root cause for underperformance is identified. Based on the performance grade for each of the questions, aggregate grade for each PFM output is derived. The aggregate of the PFM output grade gives a PFM process grade. A visual representation of the assessment findings is included in the dashboard that compiles performance at individual PFM process and at institution level.

### 6. Benchmarking system

Benchmarking with scoring. The tool is structured in key questions and typified answers that are linked to various process outputs identified for the PFM processes, with five options of answer graded from 0 to 4. The score from 0 to 3 reveals shortcomings in the PFM process and the need to identify the cause of the problem. The score 4 means that everything is working well in the process.

### 7. Linkage to PEFA framework

PFMRF covers aspects related to PEFA performance indicators: performance information for service delivery (PI-8), macroeconomic and fiscal forecasting (PI-14), fiscal strategy (PI-15), budget preparation process (PI-17), revenue administration (PI-19), procurement (PI-24), and annual financial reports (PI-29).

### 8. Complementarity with PEFA framework

PFMRF provides an in-depth examination of the root causes of the problems arising from the PFM processes.



## Development and use

### 9. Development and coordination

PEFA and other benchmarks were cross-referenced during the development of the tool. In an INTOSAI-led meeting in 2016, a gap was acknowledged in assessing and reporting the effectiveness of PFM processes to provide findings that enable the SAI to engage with key policy makers and to improve the government's ability to ensure alignment with the Sustainable Development Goals. In 2017, AFROSAI-E decided to develop a tool that evaluates PFM processes with the help of GIZ. In 2019, questions on SDG evaluation supplemented with typical emergency scenarios were added to the framework.

### 10. Assessment management

Evidence for the assessment is gathered as follows:

1. The sources of information used should be documented together with the audit findings and an analysis (5-why model) of the understanding of the deficiency that leads to the audit finding.
2. Sufficient and appropriate audit evidence should be obtained by using a combination of audit procedures throughout the audit of the MDA to support the accuracy and completeness of information being used for the PFM assessment, including the performance assessment and root causes of underperformance.
3. Where the performance assessment is functioning (level 4) and where there are no reporting weaknesses, there shall be no root cause of underperformance.
4. After obtaining the relevant, accurate, and complete PFM information, the auditor should assess the information and document the findings or key observations for each key output.
5. The findings or key observations should be linked to one or more of the following five institutional capacity areas:
  - a. Legal and political frameworks
  - b. Organizational structure and human resources
  - c. Information systems
  - d. Governance and supervision
  - e. Communication and stakeholder management.
6. A conclusion on the overall root cause(s) should be reached for each of the findings or key observations per key output.

Each SAI is responsible for its own internal quality assurance processes before tabling the report.

### 11. Uses by the government and members of the PFM community

PFMRF is used by SAIs to identify the root causes of the problems arising from the PFM processes. This information will enable the SAI to engage with the relevant MDA, as well as with the relevant core PFM institution, on their weaknesses and development areas, and to obtain an understanding of the systemic issues relating to the interactions between institutions.

### 12. Sequencing with other tools

PFMRF is a broad-based PFM tool in terms of technical coverage. It can be complemented with tools that provide a drill-down on specific PFM functions.

### 13. PFM capacity building

PFMRF provides capacity building to SAIs. A five-day training program is provided for larger SAIs and a one- to two-day training program is undertaken for smaller SAIs by AFROSAI-E to discuss the findings and design a reform plan.

### 14. Tracking of changes and frequency of assessments

The tool is designed to allow tracking of changes over time. Recommended frequency is every year.

### 15. Resource requirements

Based on preliminary estimates, the cost of conducting training on the use of the tool is approximately US\$8,000 to US\$12,000 (when the five-day workshop model is considered which involves participation from 15 to 20 people). The cost for an SAI to use the tool depends on the country. The time taken to conduct the assessment is approximately four to five weeks. Assessments are undertaken by a multidisciplinary team of 15 to 20 officials from the SAI.

## Transparency

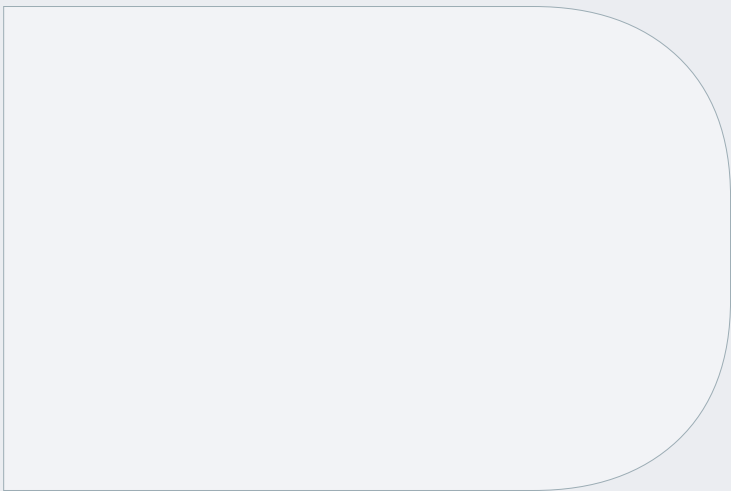
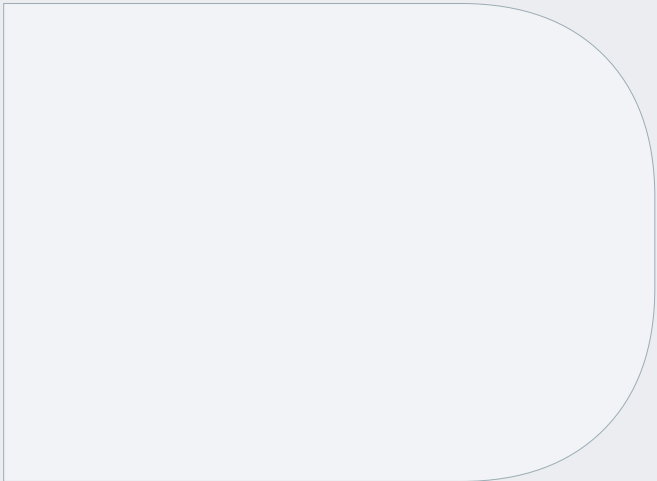


### 16. Access to methodology

A user guide is available from the custodian upon request. The tool is [available](#) in English and Portuguese.

### 17. Access to assessment results

Reports are available on request.



# Group B Tools

## PFM-FUNCTION SPECIFIC TOOLS

## GROUP B TOOLS: PFM-FUNCTION SPECIFIC TOOLS

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CODE	NAME	CUSTODIAN	DEVELOPED
B01	<a href="#">Public Expenditure Tracking Surveys (PETS)</a>	WB	1996
B02	<a href="#">Tax Administration Diagnostic Assessment Tool (TADAT)</a>	IMF	2013
B03	<a href="#">Tax Policy Assessment Framework (TPAF)</a>	IMF	2015
B04	<a href="#">Revenue Administration Gap Analysis Program (RA-GAP)</a>	IMF	2013
B05	<a href="#">Revenue Administration Fiscal Information Toolkit (RA-FIT)</a>	IMF	2012
B06	<a href="#">Tax Administration Series on OECD and other Advanced and Emerging Economies (TAS)</a>	OECD	2004
B07	<a href="#">Development of Implementation and Monitoring Directives for Tax Reform (Tax Diamond)</a>	WB	2017
B08	<a href="#">Extractive Industries Transparency Initiative (EITI)</a>	EITI	2005
B09	<a href="#">Collecting Taxes Database (CTD)</a>	USAID	2008
B10	<a href="#">African Tax Outlook (ATO)</a>	ATAF	2017
B11	<a href="#">Tax Administration Maturity Model Series</a>	OECD	2016
B12	<a href="#">Public Investment Management Assessment (PIMA)</a>	IMF	2015
B13	<a href="#">Diagnostic Framework for Assessing Public Investment Management (DF-PIM)</a>	WB	2008
B14	<a href="#">PPP Fiscal Risk Assessment Model (PFRAM)</a>	IMF	2016
B15	<a href="#">Public Sector Balance Sheet (PSBS)</a>	IMF	2018
B16	<a href="#">Debt Management Performance Assessment (DeMPA)</a>	WB	2007
B17	<a href="#">Methodology for Assessing Procurement Systems (MAPS)</a>	OECD	2004
B18	<a href="#">e-Procurement Toolkit</a>	WB	2016
B19	<a href="#">Diagnostic Framework to Assess the Capacity of a Government FMIS as a Budget Management Tool (DF-FMIS)</a>	WB	2016
B20	<a href="#">Treasury Diagnostic Toolkit</a>	WB	2004
B21	<a href="#">Treasury Single Account (TSA) Rapid Assessment Toolkit</a>	WB	2012
B22	<a href="#">Report on the Enhancement of Public Sector Financial Reporting Toolkit (REPF)</a>	WB	2015
B23	<a href="#">International Public Sector Financial Accountability Index</a>	IFAC – CIPFA	2018
B24	<a href="#">Financial Management Model (FMM)</a>	CIPFA	2004
B25	<a href="#">Internal Audit Capability Model (IA-CM)</a>	IIA	2009
B26	<a href="#">Supreme Audit Institutions Performance Measurement Framework (SAI PMF)</a>	INTOSAI	2016
B27	<a href="#">Institutional Capacity Building Framework (ICBF)</a>	AFROSAI-E	2001

Note: AFROSAI-E = African Organization of Supreme Audit Institutions – English speaking, ATAF = African Tax Administration Forum, CIPFA = Chartered Institute of Public Finance and Accountancy, IFAC = International Federation of Accountants, IIA = Institute of Internal Auditors, IMF = International Monetary Fund, INTOSAI = International Organization of Supreme Audit Institutions, OECD = Organisation for Economic Co-operation and Development, USAID = United States Agency for International Development, WB = World Bank.



## Public Expenditure Tracking Surveys (PETS) - World Bank



### Objective and features

#### 1. Objective

To track the flow of public funds and material resources from the central government level, through the administrative hierarchy, and out to frontline service providers. The specific objective will depend on sector and context.

#### 2. Institutional coverage

National and subnational governments, and sectors.

#### 3. Technical coverage

PETS track public expenditure, covering both revenue and expenditure management.

#### 4. Application method

Custodian, any external.



### Methodology

#### 5. Methodology

In general, PETS consists of two main survey instruments intended to collect information at different government levels involved in service delivery:

- institutional survey – to track public spending in the system; and
- facility survey.

PETS method refers to randomly selected units through statistical sampling methods. By choosing a flow of resources that can be customized to a sector situation or a specified program, estimates of the extent of leakages can be determined. Multiple questionnaires are prepared to collect data from state level, locality level, and facility level. Each questionnaire applies the same set of core sections around three broad issues:

- identification – to collect basic information about the state, locality, and facility.
- budget preparation process – to understand the decision makers for budget allocations.
- budget execution process – to review the state and locality budget education.

#### 6. Benchmarking system

Narrative evaluation.

#### 7. Linkage to PEFA framework

Direct links to the benchmarking of key PEFA indicators covering PI-1 to PI-26, under budget reliability (Pillar I), transparency of public finance (Pillar II), management of assets and liabilities (Pillar III), policy-based fiscal strategy and budgeting (Pillar IV), predictability and control in budget execution (Pillar V), and accounting and reporting (Pillar VI).

#### 8. Complementarity with PEFA framework

The tool focuses on subnational levels by providing information on effective resource allocation at decentralized level and by assessing the performance of the administrative systems at service delivery unit level.



## Development and use



### 9. Development and coordination

PETS was launched in 1996 by WB to analyze whether public funding was reaching its intended destination and whether it was being used accordingly. Where funds were not reaching their intended destination, PETS were designed to find out where the leakage occurred and for what reasons. In education and other social sectors, PETS were often linked with Quantitative Service Delivery Surveys (QSDS), a non-PFM tool, to explore in more detail how effectively and efficiently public funding was used. For example, QSDS looked at teacher absenteeism in schools as teacher salaries take up a considerable portion of the education budget and absent teachers is seen as a resource leakage. Since PFM systems and the flow of funding differ from one country to another, WB has defined what PETS should comprise, and the tool is to be contextualized and customized for application in a country. Depending on the country context, WB coordinates with various partners/agencies for PETS assessments.

### 10. Assessment management

Initial assessments were led by WB. Later, demand-side actors were engaged for collecting quantitative and qualitative information and for disseminating PETS findings. To implement the surveys, the WB teams have traditionally worked in cooperation with central ministries - the ministries of finance and sectoral ministries - and CSOs. PETS are carried out in close collaboration with local research institutions in order to obtain reliable data and build capacity in diagnostic survey work. Dissemination typically includes publications and in-country seminars. Custodian quality assurance procedures are followed. Findings are discussed with the governments and are peer reviewed.

### 11. Uses by the government and members of the PFM community

PETS can be used for analyzing public expenditure management reforms, reforms to improve the efficiency of public expenditure, crosscutting public sector reforms, anti-corruption, and service delivery reforms. PETS can also be used to determine whether public funds and material resources end up where they were supposed to, and if they don't, why are funds diverted.

### 12. Sequencing with other tools

PETS are usually conducted in parallel with QSDS and Public Expenditure Reviews (AO7). In general, relevant existing PFM assessments such as PERs (AO7), PEFA (AO1), and Reports on the Observance of Standards and Codes (D14) are consulted before undertaking the assessment.

### 13. PFM capacity building

Recommendations may include PFM capacity-building measures.

### 14. Tracking of changes and frequency of assessments

The tool is not designed to track performance change over time. There is no defined recommended frequency for successive assessments.

### 15. Resource requirements

Varies depending on scope, sample size, geography, and labor costs in the country. Costs can vary between US\$75,000 and US\$800,000 per sector. On average, it takes about one year to complete a PETS. Personnel with adequate experience in similar types of surveys and substantial country knowledge is preferable.

## Transparency



### 16. Access to methodology

Methodology and user guidance are not available. Sample PETS questionnaire for education is available.

### 17. Access to assessment results

Some of the reports are available on the WB website.

## Tax Administration Diagnostic Assessment Tool (TADAT) - International Monetary Fund (TADAT Secretariat)



### Objective and features

#### 1. Objective

TADAT provides an objective health assessment of a country's tax administration system by assessing the performance outcomes achieved for the core direct and indirect taxes critical to central or subnational government budget outcomes.

#### 2. Institutional coverage

National and subnational governments.

#### 3. Technical coverage

TADAT assesses revenue management and tax administration through:

- assessments measuring the performance of tax collection;
- tax administration frameworks and systems;
- institutional and organizational arrangements for revenue collections and reporting; and
- compliance and risk involved in revenue administrations.

TADAT focuses on the performance of major national taxes. This includes corporate income tax (CIT), personal income tax (PIT), value-added tax (VAT) (or its indirect tax equivalent such as sales tax), and pay-as-you-earn (PAYE) amounts withheld by employers.

#### 4. Application method

Self-assessment and any external qualified experts. TADAT can be applied as a self-assessment or through qualified (certified) assessors. Currently, self-assessment is not considered as a formal TADAT assessment; however, guided self-assessments were trialed (e.g., with Canada Revenue Agency in 2017 and 2018 and in Nigeria and Spain).

Any agency can sponsor an assessment provided that it uses qualified (certified) assessors trained through the TADAT Secretariat. Online, in-country, and now, virtual assessor training courses are offered by the TADAT Secretariat.



### Methodology

#### 5. Methodology

There are nine key performance outcome areas (POAs) covering the most critical tax administration functions, processes, and institutions:

- |                               |                                    |
|-------------------------------|------------------------------------|
| 1. Registered taxpayer base   | 6. Reporting in declarations       |
| 2. Risk management            | 7. Tax dispute resolution          |
| 3. Voluntary compliance       | 8. Revenue management              |
| 4. Filing of tax declarations | 9. Accountability and transparency |
| 5. Payment of taxes           |                                    |

The nine key POAs are assessed against 32 high-level indicators, each built on 1 to 5 dimensions adding up to 55 measurement dimensions.

#### 6. Benchmarking system

Benchmarking with scoring system. Each of the 55 measurement dimensions is assessed separately, using the four-point "A, B, C, D" scale, and the scores combined using one of two available methods to reach the indicator score based on the assessment of its respective individual dimensions. Method 1 is used for all single dimensional indicators and for multidimensional indicators where poor performance in one dimension is likely to undermine the impact of good performance in another. Method 2 is based on averaging the scores for individual dimensions of an indicator. It is used for multidimensional indicators where a low score on one dimension does not necessarily undermine the impact of higher scores in another. The scores are:

- A – Performance meets or exceeds international good practice. For TADAT purposes, good practice is a tried and tested approach applied by a majority of leading tax administrations. This can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- B – Sound performance (i.e., healthy level but below international best practice).
- C – Weak performance relative to international good practice.
- D – Inadequate performance. This is applied when the requirements of a C rating or higher are not met. D is also applied when there is insufficient information available for assessors to determine and score the level of performance.

#### 7. Linkage to PEFA framework

TADAT has linkages with PEFA performance indicators: budget preparation process (PI-17), legislative scrutiny of budgets (PI-18), revenue administration (PI-19), accounting for revenue (PI-20), and in-year budget reports (PI-28).

#### 8. Complementarity with PEFA framework

TADAT provides a more detailed analysis of tax administration on the underlying issues where weaknesses have been identified in a PEFA assessment or another broad PFM assessment.



## Development and use

### 9. Development and coordination

IMF's Fiscal Affairs Department started developing the tool and presented the concept to donors in 2012. Following strong support, IMF developed a more detailed high-level technical and governance design with development partners such as WB and PEFA Secretariat.

The PEFA framework served as a reference for developing the TADAT and it was thought prudent to adopt the methodology used by the widely accepted PEFA framework. Its design mirrors four critical success factors from the PEFA:

1. Allows for a standardized assessment of institutional performance of a country's tax administrations.
2. International acceptance of a public good and a principal assessment tool.
3. Acts as a basis for reform strategies and technical assistance dialogue.
4. Administered under an inter-institutional arrangement.

From 2011 to 2015, the institutional and technical coverage of the tool was decided through wide-ranging consultations with tax administrations, development partners and agencies involved in delivering tax administration reform support to countries, tax administration experts, academia, and the public.

In February 2014, TADAT was launched formally with the Secretariat, hosted by the IMF's Fiscal Affairs Department and a Technical Advisory Group (TAG) to advise the Secretariat on the development, design, implementation, and maintenance of the tool. A TADAT Steering Committee of various partners was inaugurated in February 2014.

From late 2013 to November 2015, 17 pilot assessments were conducted. During the public roll-out of TADAT in November 2015, the Field Guide had nine POAs, 28 indicators across these POAs, and 47 measurable dimensions that are in turn spread across the indicators. As of April 2019, the Field Guide revision updated these at the national/federal level, to have the same nine POAs, but 32 indicators and 55 measurable dimensions. In November 2018, the subnational level Field Guide was released, and it has nine POAs, 32 indicators, and 53 measurable dimensions.

TADAT partners who contributed to the development of the toolkit are the European Union, Germany (Federal Ministry for Economic Cooperation and Development), France, International Monetary Fund (IMF), Japan, Netherlands (Ministry of Foreign Affairs of the Netherlands), Norway (Norwegian Ministry of Foreign Affairs), Switzerland, United Kingdom (UK Aid), and the World Bank (WB).

### 10. Assessment management

Assessments are demand-driven and initiated through a request to the TADAT Secretariat directly or through capacity development providers supporting tax administration reform programs. No assessment is considered formal unless approved by the TADAT Secretariat. The four phases of the assessments are as follows:

1. **Assessment initiation.** The country authorities (e.g., Ministry of Finance or tax administration) send a formal request either to a partner agency (e.g., development partner, international agency) or to the TADAT Secretariat directly.
2. **Pre-assessment.** The assessment team undertakes planning and preparation. This phase begins six to eight weeks before the in-country assessment phase.
3. **In-country assessment.** The country officials and assessment team use the TADAT methodology to assess the health status of the country's tax administration system using concrete evidence and field office visits. The results are documented in a performance assessment report (PAR).
4. **Post-assessment.** The PAR is finalized, incorporating the authorities' comments, and sent for final review and quality assurance to the TADAT Secretariat who publishes results on the TADAT website unless the country chooses to opt-out.

Trained assessors are provided with a Field Guide ensuring an objective performance assessment of a country's tax administration system. The Field Guide contains a structured methodology of assessment, establishes a set of quality standards to be applied when conducting an assessment and preparing a PAR, and ensures consistency of the approach.

Custodian quality assurance procedures apply. The TADAT Secretariat reviews all PARs to ensure quality standards are met, in line with quality assurance procedure outlined in the Field Guide. Following the completion of the in-country phase of the TADAT assessment, the TADAT Secretariat sends an online assessment to the team leader to assess each team member on their performance during the assessment phase. This is designed to improve the quality and delivery of TADAT assessments.



## Development and use

### 11. Uses by the government and members of the PFM community

The tool informs country authorities on the strengths and weaknesses of the tax administration system, enabling them to plan, prioritize, and sequence reform actions and to monitor and evaluate reform implementation. Specifically, the tool helps in

- identifying the relative strengths and weaknesses in a country's tax administration system, processes, and institutions;
- creating a shared view on the condition of the tax system among all stakeholders (e.g., country authorities, international organizations, donor countries, and technical assistance providers);
- setting the reform agenda, including reform objectives, priorities, initiatives, and implementation sequencing;
- facilitating coordination of external support for reforms and achieving more efficient implementation; and
- monitoring and evaluating reform progress through subsequent repeat assessments.

### 12. Sequencing with other tools

The Revenue Administration Fiscal Information Tool (Bo5) is designed to collect revenue administration information and can provide data to be used in TADAT.

### 13. PFM capacity building

TADAT does not provide recommendations, however, the TADAT Secretariat uses machine learning techniques to analyze assessment results to

- identify linkages or associations between the various TADAT dimensions and related results;
- assist countries and capacity development providers in identifying priority areas and their dependencies more objectively;
- underscore the fact that tax administration functions are not standalone but may depend on and impact each other (the degree of impact may differ between dimensions, but it exists); and
- emphasize that reform should be looked at holistically rather than in siloes (a siloed approach may miss critical associations or dependencies, and this may not produce the expected reform results).

### 14. Tracking of changes and frequency of assessments

Repeat assessments can be used to monitor and evaluate reform progress, using the established criteria outlined in the PAR.

### 15. Resource requirements

There is no standardized cost of an assessment. If the team was composed of four to five assessors, it is estimated at US\$100,000.

An assessment team typically comprises three or four trained assessors. Phase 2 (pre-assessment) begins six to eight weeks before the in-country assessment phase. Phase 3 (in-country assessment) typically takes two to three weeks. The suggested in-country assessment work schedule is 16 days. Phase 4 is to be completed within 45 calendar days of the end of Phase 3 because this is the deadline for sending the Secretariat-approved PAR incorporating country feedback to the client country. Pre-assessment training is becoming imperative. If training is conducted in-country, it would take up to four days, however, if conducted virtually, this could take over two weeks due to the shorter contact hours.

## Transparency



### 16. Access to methodology

The [TADAT website](#) has links to its design decisions document, TADAT summary sheet, performance assessment reports (PARs) that have been published with the permission of the respective countries, and assessment package. The assessments are published only with the permission of the specific country whose tax administration has been assessed.

The [Program Document](#) (2013) introduces the tool, its purpose, technical design, governance, and the financing and administrative arrangements.

The [Field Guide](#) provides trained assessors with a structured methodology to establish quality standards and ensure consistency in the approach. The latest 2019 version is available in English, Spanish, French, and Portuguese, with two application notes (revised in October 2019) available in English. There are also English, Spanish, and French 2015 versions available.

### 17. Access to assessment results

PARs that have been cleared for publication by the respective country authorities are available publicly in the TADAT [website](#) (around a quarter of the total assessments). The assessments are published only with the permission of the specific country whose tax administration has been assessed. TADAT encourages countries to have their TADAT assessment published on the website.

## Tax Policy Assessment Framework (TPAF) - International Monetary Fund



### Objective and features

#### 1. Objective

TPAF is used for systematic and consistent assessments of all major taxes and aims to provide a solid analytical basis and practical guidance for the design of tax policy.

Currently, one module is in use, the Value Added Tax (VAT).

#### 2. Institutional coverage

National governments  
(of IMF member countries).

#### 3. Technical coverage

The dimensions covered by the framework are

1. fiscal framework and policy;
2. policy and regulatory frameworks; and
3. institutional strengthening, capacity building, and anti-corruption.

#### 4. Application method

Self-assessment.



### Methodology

#### 5. Methodology

Once finalized, TPAF will enable the identification of relative strengths and weaknesses in tax policy related systems, processes, and institutions by covering the following 14 modules: Structural Assessment, International Tax, Personal Income Tax (PIT), Payroll and Social Security Taxes, Business Tax, Value-Added Tax (VAT), Excises, Small and Medium Enterprise (SME) Tax, Environmental Tax, Natural Resource Taxes, Real Property and Wealth Taxes, Trade Taxes, Other Taxes, and Tax Policy Governance and Institutions.

TPAF aims to identify tax policy bottlenecks and priorities, and assist with the sequencing of reforms, which can serve as valuable information for all stakeholders, including country authorities and international and regional organizations. It is scalable and intended to be flexible enough to assess an entire tax system, a taxation instrument, or a single tax issue of interest.

#### 6. Benchmarking system

TPAF is not a scoring tool; it does not rank, grade, or score tax systems on a single scale.

#### 7. Linkage to PEFA framework

TPAF covers the aspects related to PEFA performance indicators: macroeconomic and fiscal forecasting (PI-14) and fiscal strategy (PI-15).

#### 8. Complementarity with PEFA framework

The framework has an emphasis on tax policy, which provides further detail than PEFA's fiscal strategy indicator (PI-15) by including detailed tax policy best practices.



## Development and use

### 9. Development and coordination

The IMF and World Bank (WB) collaborated in 2015 to begin developing the TPAF as a new initiative to help member countries evaluate and strengthen their tax policies. Development of the framework began in 2017. TPAF is currently at a design stage and has yet to be fully implemented in the field.

TPAF has a modular structure, enabling a sequential and transparent process of development through acquiring feedback on each module's development. The Value Added Tax module was published in 2018. Modules on personal income tax and excise are in an advanced stage of development. Each TPAF module will be made public as soon as it is developed.

The IMF and WB are planning to provide updates and seek feedback on modules under development at the tax events during the institutions' annual and spring meetings. There was also a request for public feedback upon the publication of the first module (VAT). There will be a similar online consultation process for future modules as well before finalization.

### 10. Assessment management

As the full framework is still being developed, there is limited guidance on administrative aspects of the assessment. TPAF is designed to be user-friendly and interactive by employing an easy to navigate structure and will be used by stakeholders through self-assessment and learning. While designed for wide public use, it requires expert skills for sound judgment in conducting tax policy assessment. Each assessment question contains “explorable” drilldowns. Facilitated by a web-based technology, these drilldowns, also known as pop-ups, explain economic concepts and the rationale behind each question of the diagnostic assessment. Quality assurance procedures are not specified yet.

### 11. Uses by the government and members of the PFM community

TPAF can be used by multiple stakeholders, including government officials, parliamentarians, the donor community, practitioners in the field of taxation, civil society organizations, technical assistance providers, academia, analysts, and private sector entities.

### 12. Sequencing with other tools

There is no sequencing with other tools. TPAF is being developed primarily for “economists who are responsible for analyzing and evaluating economic policies of developing countries at an applied level, and who would benefit from a comprehensive discussion of the concepts, principles, and prevailing issues of taxation.”

### 13. PFM capacity building

There is no explicit capacity-building component. Actionable reform programs could be designed following an assessment, building a common understanding of a country's priorities in tax policy, but these would not be focusing on PFM. The VAT module is already being used in capacity development delivery by the IMF.

### 14. Tracking of changes and frequency of assessments

TPAF is not designed to track changes over time. No specific frequency is specified; however, the tool is being developed as a “living document” allowing its reuse over time while being regularly updated.

### 15. Resource requirements

Information on resources (cost and time) is not available.

## Transparency



### 16. Access to methodology

Methodology is [available](#). The modules are also [accessible](#). One module of the framework (VAT) is currently in use. Each TPAF module will be made public as soon as it is developed.

### 17. Access to assessment results

Report repository and database are not available.



## Revenue Administration Gap Analysis Program (RA-GAP) - International Monetary Fund



### Objective and features

#### 1. Objective

The RA-GAP aims to assist revenue administrations from IMF member countries to get a comprehensive and detailed estimate of the gap between current and potential tax collections, as well as a review of current operational performance in a number of other related key functions. This assists in estimating the tax gap and helps in identifying some of its underlying causes.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

RA-GAP covers

1. revenue management and tax administration; and
2. institutional strengthening, capacity building, and anti-corruption.

#### 4. Application method

Custodian and self-assessment. The IMF has also launched the RA-GAP Assisted Self-Assessment (ASA) service. Through this service, the IMF will provide additional hands-on-guidance on how to tailor the methodology to make it more suitable for country-specific needs and context.



### Methodology

#### 5. Methodology

The general approach of the RA-GAP methodology is to estimate the size of tax gap on a top-down basis. According to the RA-GAP methodology, the tax gap can be deconstructed into components - the gap resulting from non-compliance (compliance gap) and the gap resulting from policy measures (the policy gap). The methodology is tailored to measure tax gaps for individual tax types. The three steps to estimate the tax gap are as follows:

Step 1: Use statistical data to estimate reference potential revenue (RPR), that is, the amount of tax revenue that administrations should be collecting.

Step 2: Use tax administration data to determine how much tax revenue is collected in practice (actual revenue or AR).

Step 3: Calculate the tax gap using the following formula: Tax gap = RPR – AR.

#### 6. Benchmarking system

There is no benchmarking in place in the RA-GAP program.

#### 7. Linkage to PEFA framework

The RA-GAP methodology has links to the following aspects of the PEFA framework: fiscal strategy (PI-15) and revenue administration (PI-19).

#### 8. Complementarity with PEFA framework

The tool provides analysis and estimates on tax gap that can be used to provide greater review in areas related to PEFA Pillar I (Budget Reliability).





## Development and use

### 9. Development and coordination

The IMF launched RA-GAP in 2013. Ahead of the launch, a peer review was conducted to test the model. Upon its launch, the program focused on assessing VAT gaps. Since then, the IMF has expanded the program to cover estimation of the tax gap for excise tax (in 2017) and corporate income tax (in 2018). The IMF aims to have RA-GAP frameworks for all major taxes in order to assist countries in estimating tax gaps.

No donor alignment has taken place in relation to the RA-GAP program.

### 10. Assessment management

IMF's Fiscal Affairs Department, Revenue Administration Divisions 1 and 2 (FADR1 and FADR2) are responsible for developing and implementing the RA-GAP methodology. This is done through a combination of IMF-led missions and RA-GAP-assisted self-assessment service. The assessment is conducted by experts who work closely with local teams familiar with administration operations, tax design and policy, and statistical data.

Custodian quality assurance applies. The model has a built-in quality assurance process because of the way in which the tax gap is estimated. The model outputs should reconcile with a formulaic relationship and, if this test fails, it will indicate a possible error. The IMF also retains the models used in the assessment in case other individuals want to replicate it to check the results.

### 11. Uses by the government and members of the PFM community

RA-GAP is used by the IMF FADR1 and FADR2 to estimate and understand tax compliance gaps in countries. Analysis and key findings are then published as part of the IMF country report series. Additionally, revenue administrations who have completed relevant training provided by the IMF can use the RA-GAP methodology to self-assess tax gaps in their respective countries.

RA-GAP is used by many EU member states in-house to estimate tax gap (2016 European Commission study).

### 12. Sequencing with other tools

There is no sequencing in practice with other tools.

### 13. PFM capacity building

Capacity building for the purpose of the assessment. The IMF offers [courses](#) to officials working in revenue administrations on how to execute the VAT gap estimation model (VGEM) of the RA-GAP. The RA-GAP Assisted Self-Assessment (ASA) service also helps administrations in carrying out gap assessments in-house.

### 14. Tracking of changes and frequency of assessments

While the tool is not necessarily designed for tracking changes over time, the IMF ideally completes the assessment twice. The second assessment is carried out after the improvements have been integrated and is done in order to understand their impact on the tax gaps. Assessment frequency is not predefined.

### 15. Resource requirements

The IMF provides the assessment for free to member countries. It takes three to six months for the initial assessment. The time required for the follow-up assessment can vary; in ideal circumstances it can take as little as three weeks.

## Transparency



### 16. Access to methodology

The detailed methodology for estimating the tax gap for VAT, excise tax, and corporate income tax (CIT), including how to use statistical data to establish reference potential revenue and the nuanced challenges faced in applying the methodology can be found at [VAT](#), [excise tax](#), and [CIT](#).

The IMF has put in place technical guidance notes on how to apply the RA-GAP methodology to estimate VAT, excise, and CIT tax gaps. In addition, the IMF also offers a [course](#) for officials working in tax and revenue administrations using the VAT gap estimation model (VGEM) of the RA-GAP. Upon completing the course, these officials will have access to the RA-GAP Assisted Self-Assessment service and will be able to tailor the RA-GAP methodology to meet their needs and adapt it to their country's context.

### 17. Access to assessment results

IMF's published assessments can be found under the country report series in the IMF publications [database](#) (search term: Revenue Administration Gap Analysis Program). It is up to the country to decide whether it wants to make the assessment public. There is limited information on how many countries use the methodology in-house.

## Revenue Administration Fiscal Information Toolkit (RA-FIT) - International Monetary Fund



### Objective and features

#### 1. Objective

RA-FIT aims to assist revenue administrations in improving their performance measurement and reporting, and to provide data and analyses that can help improve cross-country comparisons.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

RA-FIT technical coverage includes:

1. revenue management and tax administration;
2. human resource management;
3. management information systems; and
4. budget management.

#### 4. Application method

Self-assessment.



### Methodology

#### 5. Methodology

RA-FIT is a survey-based data gathering toolkit designed to collect revenue administration information. Data is collected through the voluntary International Survey on Revenue Administration (ISORA) survey. The survey covers the following areas:

1. Revenue Collections
2. Institutional Arrangements
3. Budget and Human Resources
4. Segmentation
5. Registration
6. Return Filing and Payment
7. Service and Education
8. Collection and Enforcement
9. Verification/audit
10. Dispute Resolution

The survey consists of a combination of static and dynamic questions. Static questions focus on aspects such as organizational structure, level of autonomy, and powers set out in specific legislations. In contrast, dynamic questions relate to numbers and values of transactions for fiscal years and other variable information that changes with each survey iteration.

#### 6. Benchmarking system

RA-FIT is primarily a data collection tool. Data collected through the ISORA survey is not benchmarked and graded against each other.

#### 7. Linkage to PEFA framework

Data available on the RA-FIT portal links to the following PEFA performance indicators: fiscal strategy (PI-15), budget preparation process (PI-17), and legislative scrutiny of budgets (PI-18).

#### 8. Complementarity with PEFA framework

RA-FIT is primarily focused on collecting data from tax administrations. The tool can also be used for validating insights gathered by other diagnostic tools such as PEFA framework.



## Development and use

### 9. Development and coordination

The first round of RA-FIT was launched by the IMF in 2012. The survey was administered using an Excel spreadsheet and covered 86 countries. The second round of RA-FIT was launched in 2014 and used an online platform to gather data from 89 countries. Other individual organizations collected data from their members separately for the purpose of internal review and analysis.

In 2016, the International Monetary Fund (IMF), the Inter-American Centre of Tax Administrations (CIAT), the Inter-European Organization of Tax Administrations (IOTA), and the Organisation for Economic Co-operation and Development (OECD) signed a memorandum of understanding (MoU) to collect tax administration information using a common questionnaire and through the IMF's RA-FIT platform. Subsequently, a single survey was launched with 135 participating tax administrations in 2016. OECD, IOTA, CIAT, and IMF have jointly carried out two surveys (2016 and 2018). The Asian Development Bank participated in the 2018 iteration of the survey. While there is now a single data collection survey, partner organizations continue to use the data collected in a manner that best meets their needs and objectives.

The ISORA, hosted on RA-FIT, is collaboratively developed by the IMF, CIAT, IOTA, and OECD. The introduction of RA-FIT and ISORA has helped to simplify and align the data collection process used by these organizations.

### 10. Assessment management

The ISORA is administered online using the RA-FIT platform. While the ISORA is jointly developed by participating organizations, the RA-FIT data portal is developed and managed by the IMF. A guide is published alongside the survey. Further queries relating to the data collected and data available can be sent to the RA-FIT help desk.

Ensuring the accuracy of survey responses is the primary responsibility of participating countries. The custodian carries out general plausibility and technical checks in order to quality control ISORA responses. This includes ensuring proper use of local currency values to the nearest thousands and querying significant variations in responses across years with the specific revenue administration. However, if the revenue administration considers the data reliable, the query is not pursued further.

### 11. Uses by the government and members of the PFM community

The data has multiple users, including partner organizations responsible for designing and administering the survey and revenue administrations in countries providing the data. Both partner organizations and revenue administrations use the survey data to carry out subsequent analysis in accordance with their own needs and programs, as presented below:

1. IMF publishes *Understanding Revenue Administration* in its publications [database](#) (search term: ISORA: Understanding Revenue Administration) alongside each round of surveys to discuss the key findings that emerge.
2. CIAT uses the data to review institutional structure, organization, and autonomy of tax administrations, including their resources, personnel, and basic characteristics of their operations. These are discussed in the publication, [Overview of Tax Administrations](#).
3. IOTA discussed the findings from ISORA in the [annual meeting](#) of their Technical Working Group (TWG) on ISORA in the past.
4. OECD uses data from the survey to analyze and highlight key trends, recent innovations, examples of good practice and performance measures, and indicators with regard to tax administrations. Key findings from OECD's analysis are included in OECD's [Tax Administration Series](#) (Bo6).



## Development and use

### 12. Sequencing with other tools

ISORA-report data can be compared and sequenced with the increasing set of evidence-based assessments of tax administration such as TADAT (Bo2).

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool. The IMF provided a training course targeted toward officials responsible for completing the 2018 ISORA.

### 14. Tracking of changes and frequency of assessments

RA-FIT is not designed to track performance changes over time. ISORA is carried out once every two years. Four rounds of the surveys have been carried out to date. Following the 2020 iteration, a shorter version of the ISORA is planned to be carried out annually to focus on collecting data that changes on a yearly basis. Once every four years, the partner organizations will run a longer survey which will include questions about organizational structure and legislation that generally change less frequently.

### 15. Resource requirements

The IMF has one and a half full time equivalent staff who work on the survey all year round. In addition, there are also employees from the IT department that are involved in maintaining both the data collection and data dissemination platforms.



## Transparency

### 16. Access to methodology

The methodology for data collection, including current and previous iterations of the survey are available on the [portal](#). Each iteration of the survey is accompanied with a guide. The guide provides instructions on how to complete the form, including a detailed outline of individual forms that are a part of the survey and definitions.

### 17. Access to assessment results

The RA-FIT data [portal](#) acts as a central repository for all IMF publications relating to ISORA, relevant links, survey forms, and data. All data collected from the ISORA survey is made available in the RA-FIT portal. RA-FIT provides both country-level data, for those countries who have consented to share this information publicly, and aggregate data. Data is aggregated by income group and by region. There is also a query tool that allows users to customize their data aggregation.

Access to country-level data collected through the survey depends on the partner organizations supporting the revenue administration. As of 2018, data collected from revenue administrations supported by OECD and CIAT was publicly available. In contrast, data collected from revenue administrations supported by IMF and IOTA was not publicly available. However, the terms and conditions for the 2020 iteration of the survey require all countries to agree to have their data published once the process is completed.

# Tax Administration Series on OECD and other Advanced and Emerging Economies (TAS) - Organisation for Economic Cooperation and Development



## Objective and features

### 1. Objective

The tool aims to share information that will facilitate dialogue among tax officials on important tax administration issues which may also help identify opportunities to improve the design and administration of their systems.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

TAS reports provide a comprehensive assessment of aspects of tax systems, and their administration and performance. The assessment covers the following:

- Institutional arrangements for tax administration
- Organization of revenue bodies
- Human resources management
- Resources of national revenue bodies
- Operational performance of revenue bodies
- Legislative administrative frameworks for tax administration.

### 4. Application method

Self-assessment. The data captured through ISORA is to be treated as self-assessment by tax administration officials in the country.



## Methodology

### 5. Methodology

Before 2016, a paper-based questionnaire was emailed to tax administration officials in partner countries, comprising questions on tax administration. Since 2016, national-level tax collection information and other data on tax administration have been captured through RA-FIT (B05) online portal using ISORA. The 2018 ISORA had around 850 data points. Recommendations are not given as part of the report, but good practices may be highlighted sometimes.

The OECD TAS 2019 report contained examination and commentary on tax administration performance and trends up to end of FY2017, ten articles authored by tax administrations that provide a range of topical issues on tax administration, and all the data tables that form the basis of the analysis in the report, as well as details of the administrations that participated in the report preparation.

### 6. Benchmarking system

A narrative description of tax administration systems and practices of various countries is provided.

### 7. Linkage to PEFA framework

The tool is broadly associated with two PEFA performance indicators - revenue administration (PI-19) and accounting for revenue (PI-20).

### 8. Complementarity with PEFA framework

By exploring how comparable countries have structured their tax administration and their performance, TAS may be used as an input to design tax collection improvement reforms.



## Development and use

### 9. Development and coordination

The Forum on Tax Administration (FTA) was created in 2002 and comprises tax administration officials from all OECD and G20 countries. Tax systems across countries varied in terms of organizational setup, degree of autonomy, and responsibilities of tax organizations. The FTA hence commenced the Tax Administration Series (TAS) in 2004 to compile tax administration systems of various countries. Since then, the publication has grown in terms of coverage, influence, and importance.

Similar publications were being made by other organizations by circulating surveys to capture information on revenue administration. To streamline the individual efforts by organizations, the International Survey on Revenue Administration (ISORA) was launched in 2016. ISORA questionnaire has since replaced the multiple data collection instruments in use, provided a consolidated approach, and facilitated better comparison between different tax administrations. The ISORA partners decided to simplify the survey starting with the ISORA 2020 edition.

ISORA, the underlying survey for TAS reports, is a result of collaboration and partnership between International Monetary Fund (IMF), Inter-American Centre of Tax Administrations (CIAT), Intra-European Organization of Tax Administrations (IOTA), and Organisation for Economic Co-operation and Development (OECD). Prior to the ISORA partnership, all four organizations collected data from member tax administrations through separate surveys with duplications both across respondents - due to multiple membership - and survey design and administration. The ISORA partnership has resulted in reduced compliance costs for tax administrations and increased data quality through harmonization of definitions and systematic quality checks. Since 2018, the Asian Development Bank (ADB) has collaborated with the four ISORA partners, supported the data collection process, and used the ISORA data for its own tax administration publication.

### 10. Assessment management

Data for the TAS reports is provided by tax administration officials of partner countries through ISORA on an online portal, who also review the content and validate the data. Country officials also contribute to the report by writing articles providing their views on a range of topical issues on tax administration. The work on presentation of data and drafting of the publication is done by staff of FTA Secretariat in OECD.

The main steps in the ISORA process are as follows:

1. Questionnaire design and administration. The questionnaire is designed/revised by the ISORA partners based on previous survey experience, in tandem with the need to probe emerging tax administration issues. The questionnaire is then administered via an online platform incorporating validation rules to ensure completeness and internal consistency of country responses.
2. Data collection. Participating countries are given controlled access to the data collection platform. Countries can access documentation covering concepts, definitions, and general guidelines to complete the survey. The ISORA partners provide further support to countries while data is being collected by answering ad-hoc queries and providing additional guidelines should the need arise.
3. Data review. The data provided by tax administrations is reviewed by ISORA partners and feedback is provided to the participants.
4. Data release and dissemination. The data are made available in aggregate for public use and at an administration-level to participating administrations and partners.
5. Analysis and publication. ISORA partners produce reports and papers that draw on the data analysis from the survey.

Custodian quality assurance procedures apply. As part of preparing the TAS reports, data captured through the ISORA is validated by OECD officials twice at different stages of drafting the report.

### 11. Uses by the government and members of the PFM community

TAS reports may be used as an input to design reforms for identified weaknesses in tax administration through comparison with the good practices being followed in countries globally. TAS enables the comparison of tax administration systems and performance of all the participating countries.

## Development and use



### 12. Sequencing with other tools

TAS exercise may be followed up with tools for tax administration diagnostic that focus on identifying weaknesses in tax administration, such as Tax Diamond (Bo7) and TADAT (Bo2).

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

TAS is not designed to track changes. TAS reports are published every two years. From 2020 onward, a simplified survey will be carried out annually. A supplementary survey (covering some of the data that was removed from the annual survey) will be carried out every four years. TAS reports will be published on an annual basis from 2021.

### 15. Resource requirements

Staff costs of the FTA Secretariat are included as part of the overall work done by FTA Secretariat in tax administration. A six-month period was given to the countries to complete ISORA 2018. A resource person from FTA Secretariat assists the country officials in completing the ISORA. The number of country officials involved in completing the ISORA varies among countries. A few country officials have also drafted articles that were included in the 2019 report. In a number of countries, representatives from multiple institutions are involved in completing the survey.

## Transparency



### 16. Access to methodology

A guide to complete the survey forms of ISORA and explanation of related definitions is [available](#) in the publication/links section.

### 17. Access to assessment results

All the previous reports in the tax administration series are [available](#).



## Development of Implementation and Monitoring Directives for Tax Reform (Tax Diamond) - World Bank



### Objective and features

#### 1. Objective

The tool aims to capture international good practices, help to objectively verify the country's compliance, and identify limitations that need to be addressed in future tax administration reform projects using evidence-based assessments, thereby contributing to substantial improvements in domestic revenue mobilization.

#### 2. Institutional coverage

National and subnational governments.

#### 3. Technical coverage

The modules included in the Tax Diamond tool focus on various aspects of tax administration, customs, and crosscutting themes such as institutional capacities and IT infrastructure. The current version of the Tax Diamond toolkit comprises the following modules:

1. Tax Administration Functional Evaluation
2. Customs Evaluation
3. Process Mapping – Business Process Review
4. Core ICT Governance Assessment
5. HR Assessment
6. Tax Administration Automation Assessment
7. Customs Automation Assessment
8. International Tax Unit Assessment
9. Tax Audit Assessment
10. ICT Information Security Assessment
11. Infrastructure Investment Needs
12. Tax Gap Analysis.

A module called Tracking Tax Administration Progress (TTAP) tracks the progress of the reforms suggested in the implementation action plan.

The Tax Litigation module has been finalized and the modules on Property Tax and Innovations on Tax Compliance are under development.

#### 4. Application method

Custodian, self-assessment.

The World Bank will oversee the self-assessments.



### Methodology

#### 5. Methodology

Tax Diamond is modular, wherein the choice of modules (listed under Technical Coverage) depends on the country's needs and demands. Within each module, indicators are grouped into areas for analysis called dimensions. The modules can be tailored for each assessment by excluding indicators that are not relevant in a certain context. Evaluators look into these analyses to confirm the results found in the field and to design improvement strategies that are fit to the client. The tool incorporates an action plan module for every assessment and provides recommendations based on indicators that have low scores. Tax Diamond reports lay the foundation for implementing the action plans.

Every completed assessment in Tax Diamond is considered a new baseline. Every assessment may incorporate a goal improvement module. Evaluators and the tax administration can record the progress made on selected indicators and/or areas and measure them against the baseline. Users can use the Key Performance Indicator (KPI) resource within the Tax Diamond to create and track KPIs in an easy and intuitive interface. The Tax Diamond toolkit was designed to store all the backend information gathered during the assessment process such as the evidence gathered for all the indicators, evaluator's observations, and scores for all indicators. This data can be used to compare performance over a period.

#### 6. Benchmarking system

Scoring system. There are specific scores for individual indicators as well as an overall score for dimensions.

#### 7. Linkage to PEFA framework

Tax Diamond has linkages with two PEFA performance indicators - revenue administration (PI-19) and accounting for revenue (PI-20).

#### 8. Complementarity with PEFA framework

Tax Diamond may be used to conduct drill-down assessment of specific modules and design reform plan where a PEFA assessment or other broad PFM diagnostic tools have identified weaknesses in tax administration.



## Development and use

### 9. Development and coordination

Tax Diamond was created in 2017 to support the design of technical assistance programs for revenue administration reform. The Global Tax Team and a team of internal revenue and customs administration experts around the world (staff and consultants) led the discussion on the coverage and the institutional and technical approach. The Customs Assessment Trade Toolkit (CAAT) methodology, created in 2012 (now discontinued), was taken as a point of reference for Tax Diamond development.

The tool is funded by the Global Tax Program which is supported by a multi-donor trust fund. There have been consultations with development partners to discuss technical aspects and methodologies, to share assessment results, or for financing purposes.

The assessment findings and recommendations are discussed prior, during, and after the assessment with development partners (if there are any involved). When other institutions have been involved, specific activities or roles are assigned to avoid any potential duplication of efforts.

WB coordinates the activities to conduct the assessment. If development partners or other institutions are interested in applying the tool to a specific country, the request is channeled through WB.

### 10. Assessment management

Tax Diamond is deployed based on a country's demands and desired timeline. The evaluation includes the delivery of a report, an analysis workshop (not mandatory), an action plan, and usually a follow-up to the action plan. The steps involved in the assessment process are as follows:

- Request for assessment and customization. The internal revenue and/or customs administration or the Ministry of Finance, depending on the structure of the country, sends a request to WB to express interest or to directly request an assessment. The scope of the assessment is then finalized, including the relevant assessment modules required to meet the government's needs.
- Desk review. Assessments performed through Tax Diamond use all the information available from other assessments and reports from the World Bank or other institutions.
- Field mission. Evaluators collect all the evidence needed to support the indicator measurement.
- Validation workshop. Evaluators produce the final version of the indicator scores and the report. This is reviewed by the quality assurance team. The final report is validated with government representatives in a workshop held after the assessment mission.
- Formal closing of the evaluation. The final report is presented.

Reporting charts, action plan, evidence, indicator scores, observations, meeting notes, meeting documents and pictures, and draft and final reports are all recorded in the tool.

Custodian quality assurance (QA) procedures apply, including validation of data with government and peer review. Tax Diamond has five well-defined levels for quality assurance: evidence upload and observation details, QA team for final indicator scores, evidence reviews with client, workshop (optional) and final review, and WB peer review process.

### 11. Uses by the government and members of the PFM community

Tax Diamond is used to help countries build capacity to better design, implement, and monitor tax and customs administration reforms. The tool can be used to undertake a detailed baseline assessment in specific areas where targeted reforms are needed. The assessment will then provide a logical sequence of reforms supported by tailor-made action plans where progress can be easily tracked.



## Development and use

### 12. Sequencing with other tools

Tax Diamond complements the TADAT (B02). If there is a PEFA assessment available, the report is used by the team as input to prepare the assessment, as additional information, or as additional evidence for the assessment results and report.

### 13. PFM capacity building

Every assessment yields a series of specific recommendations that are tailored to the organization's strengths and weaknesses as shown in the assessment results. The recommendations typically address areas that require capacity building, such as transparency; development of operational strategies; integration of tax administration with other government bodies; and coordination between the tax administration, customs, and ministry of finance, to enhance alignment between tax collection and expenditure.

### 14. Tracking of changes and frequency of assessments

The Tax Diamond tool includes a module called Tracking Tax Administration Progress (TTAP) that allows tax administrations to track their improvements periodically using any assessment as a baseline. TTAP also allows tax administrations to identify areas of improvement and periodically reassess themselves to determine how their organization is improving on their scores.

Recommendations in the TTAP, selected by the evaluators in consensus with the government, capture the dimensions and/or indicators with the corresponding targets. The government can request a full follow-up where evaluators perform the actual measurement on the implementation of the recommendations, or a light follow-up where the government uses the tool to record the progress with evaluators as observers.

This tool is used by governments upon agreement with WB's Global Tax Team. The core Tax Diamond team assists the government in these periodic self-reassessments, and a predefined frequency does not exist.

### 15. Resource requirements

Costs depend on several factors and each assessment is customized according to the country. Factors affecting the assessment duration include the number or modules of evaluation requested, the type of evaluation to be carried out, the evidence presented, and inclusion of a workshop. Based on these factors, the number of experts for a single typical evaluation varies from two to four experts. For a typical field mission, the average time taken is two to four weeks to deliver the report and action plan.

## Transparency



### 16. Access to methodology

The methodology, including all supporting documents and templates, is available to participating institutions and revenue administrations. The following resources are available to countries who wish to undertake a self-assessment using the Tax Diamond toolkit: virtual workshops (training), online training module, remote support (guidance), user guidelines, email support, and remote or on-site review support.

### 17. Access to assessment results

The reports can be stored within the toolkit thus providing an option to create a repository that can be accessed for future reference. The assessment reports are not made available to the public.

## Extractive Industries Transparency Initiative (EITI) - EITI



### Objective and features

#### 1. Objective

EITI aims to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to inform reforms for greater transparency and accountability of government revenues from natural resources.

#### 2. Institutional coverage

National governments (of countries implementing the EITI Standard), including any national or subnational government entity that invests in upstream oil, gas, and mining projects and/or receives material payments from extractive industry companies.

#### 3. Technical coverage

[EITI Standard](#) covers the following areas from the extractive sector:

- Legal and institutional framework
- Revenue collection
- Revenue allocation
- Social and economic spending.

#### 4. Application method

Self-assessment or any external stakeholder to collect the data. Custodian validates the data.



### Methodology

#### 5. Methodology

Implementation of the EITI Standard requires adherence to the following:

- EITI Principles, agreed by all stakeholders in 2003, which lay out the general aims and commitments by all stakeholders.
- EITI Requirements, which must be adhered to by countries implementing the EITI, including the establishment of national multistakeholder groups (MSGs) that oversee EITI implementation at the national level.
- EITI Board oversight of EITI implementation, which outlines the timeframe that implementing countries must adhere to and the consequences of lack of progress with meeting the EITI Requirements.
- Overview of Validation. Validation provides stakeholders with an impartial assessment of progress in EITI implementation toward meeting the requirements of the EITI Standard.
- The protocol “Participation of civil society,” which sets out requirements and expectations regarding civil society participation in EITI implementation.
- Public disclosure of taxes, payments, and beneficial ownership details by EITI supporting companies.
- The Open Data Policy, which provides recommendations on open data for implementing the EITI within the agreed scope of EITI implementation at the national level.
- EITI [Code of Conduct](#), which sets out the kind of conduct expected of those involved with the EITI, including EITI Board members, members of the EITI Association, secretariat staff (national and international), and members of multistakeholder groups.

Every country that joins the EITI as a member is assessed against the EITI Standard in a process called Validation. This review is conducted by an MSG, after which, it is presented to the EITI Board for final comments. The EITI Validation reviews the country’s progress against the EITI Requirements, analyzes the impact, and makes recommendations for strengthening the process and improving the governance of the sector.

The Validation procedure was recently updated.



## Methodology

### 6. Benchmarking system

The EITI Standard provides a framework and acts as a benchmark for promoting greater transparency and accountability in the oil, gas, and mining sectors. The standard incorporates emerging practices at the national and international levels. Revenue streams are classified according to IMF's Government Finance Statistics (GFS) Manual 2014 framework to track changes over time for a country.

### 7. Linkage to PEFA framework

EITI covers issues broadly falling into the following performance indicators of the PEFA framework: central government operations outside financial reports (PI-6), transfers to subnational governments (PI-7), public asset management (PI-12), revenue administration (PI-19), and accounting for revenue (PI-20).

### 8. Complementarity with PEFA framework

EITI reports are a source of important information on natural resource revenue management in countries that are dependent on natural resources.



## Development and use

### 9. Development and coordination

EITI was launched in September 2002 as a response to demand from civil society organizations (CSOs) for disclosure of revenues of companies in the extractive sector worldwide. EITI further established six criteria based on the principles in 2005. In 2011, the criteria were developed into a set of 23 requirements known as the EITI Rules. EITI Rules had a narrow scope and were used as a revenue reconciliation tool. The EITI Standard replaced the EITI Rules in May 2013. The EITI Standard has an increased value chain approach incorporating aspects such as licensing framework and revenue management. The standard was revised with small changes in 2016 and again in 2019, taking feedback from implementing countries as well as MSGs. The funding for developing and implementing the EITI Standard comes from three different sources: donor community, implementing countries, and companies in the extractives sector.

The EITI Board consists of 20 members representing implementing countries, supporting countries, civil society organizations, and industry and institutional investors. The Board defines the EITI Standard and oversees its implementation worldwide.

### 10. Assessment management

A national MSG (comprising the government, extractive companies, and civil society) decides how the EITI process in their country should work. In addition to publishing an EITI report, implementing countries must submit a summary data to the EITI International Secretariat every fiscal year, according to a standardized template, called summary data file. Summary Data is EITI's tool for collecting and publishing data from EITI reports in a structured way. The national secretariats submit one Excel file for each fiscal year covered by an EITI report.

The EITI International Secretariat supports the implementation of EITI Standard at the country level, including oversight of the Validation process.

The custodian provides quality assurance with input from participating governments. Implementing countries are responsible for ensuring that the data is accurate. The MSG reviews the outcomes and impact of EITI implementation on natural resource governance. The EITI International Secretariat verifies the data and corrects any errors encountered.

### 11. Uses by the government and members of the PFM community

Through participation in the EITI, government, industry, and civil society stakeholders agree to a common set of disclosure standards and oversight procedures as outlined in the EITI Standard. The EITI is used by member countries in reform agendas, such as to create interactive data portals with various features, and to publish downloadable data files containing information on natural resources to increase transparency in the extractives sector. In addition to publishing data, the EITI convenes discussions at the national, regional, and local level to promote public debate.

## Development and use



### 12. Sequencing with other tools

The Resource Governance Index of the Natural Resource Governance Institute, which provides information on the quality of resource governance in countries, can complement the EITI Standard to a certain extent.

### 13. PFM capacity building

Several EITI supporting countries provide bilateral support to EITI implementation. In addition, the Extractives Global Programmatic Support (EGPS), a multi-donor facility managed by the World Bank, provides technical and financial assistance to countries implementing the EITI Standard. The support includes providing consultants to governments to assist them in implementation, sharing international best practices, and providing grants to governments to help support EITI implementation. Capacity-building initiatives such as online training and webinars are undertaken by the EITI International Secretariat. Workshops are also conducted for supreme audit institutions to build their capacity.

### 14. Tracking of changes and frequency of assessments

EITI reports include recommendations that can address gaps in on-the-ground implementation of policies. The MSGs meet annually to evaluate whether the EITI objectives are in line with the national priorities.

The EITI Board, through the EITI Secretariat, oversees the Validation process. The Board then ascribes the country as having made satisfactory progress (sometimes referred to as “compliance”), meaningful progress, inadequate progress, or no progress. Examples of progress in the EITI implementation in member countries are highlighted in the progress reports.

The first assessment is done two and a half years after a country joins EITI. The frequency of reassessments is 3 to 18 months depending on the “Validation” outcome of the prior assessment.

### 15. Resource requirements

The cost of implementing the EITI Standard and the resources required vary between member countries based on the size and complexity of the extractive sector in the country. The cost of conducting the initial assessment is around US\$1 million. The cost of every “Validation” is about US\$50,000. The time taken from desk review to compilation of initial assessment is around three months. Validation or review takes two more months. Review by the MSG may take three weeks after which it is presented to the EITI Board for final comments.

## Transparency



### 16. Access to methodology

Methodology is [available](#). The website of EITI is transparent and provides information on the EITI Standard, guidance on implementing the EITI Standard, the data published by EITI implementing countries, and the decisions taken by the EITI Board. Guidance on signing up to EITI, oversight of the EITI process, guidance note on preparing for Validation, Pre-Validation self-assessment booklet for countries preparing for Validation, other guidance notes and Standard Terms of Reference, among others, are [available](#).

### 17. Access to assessment results

Reports are published on EITI website as well as on the local EITI websites. Country reports are available [here](#).

Summary Data, one of the open data requirements of EITI Standard, can be accessed [here](#).

## Collecting Taxes Database (CTD)- United States Agency for International Development



### Objective and features

#### 1. Objective

CTD aims to provide policymakers, practitioners, and researchers with the means to conduct cross-country analysis on national tax systems.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

The dimensions covered by the framework are:

1. revenue management and tax administration; and
2. fiscal framework and policy.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

CTD is a compilation of comparable cross-country data on taxation. The 2017/18 edition contains 20 indicators for 200 countries and territories spanning all regions and income groups. The data is collected by USAID from publicly available sources. It complements several other publicly available revenue datasets (such as IMF and World Bank World Development Indicators) that present cross-country statistics on revenue collection and the structural features of national tax systems.

The database is organized around two themes, which are further divided into clusters and indicators:

- |                                    |                                      |
|------------------------------------|--------------------------------------|
| 1. Tax Performance (11 indicators) | 2. Tax Administration (9 indicators) |
| ● Tax capacity and tax effort      | ● Institutional characteristics      |
| ● Tax buoyancy                     | ● Electronic services                |
| ● VAT productivity                 | ● Resource efficiency                |

The database covering the tax administration theme includes nine cross-sectional indicators that describe or measure the main features of the government bodies responsible for collecting tax revenue. Current entries in this dataset are for 2015 and 2017. The performance dataset includes 11 time series indicators on measures such as efficiency, buoyancy (the extent to which total taxes increase as GDP rises), and effort (for tax departments) for major taxes between 2000 and 2019.

#### 6. Benchmarking system

The database does not provide for a ranking or benchmarking system, but it presents the data in a range of formats including a “Yes/No” to certain indicators or a numerical value.

#### 7. Linkage to PEFA framework

The database covers aspects related to the following PEFA performance indicators: fiscal strategy (PI-15), budget preparation process (PI-17), and revenue administration (PI-19).

#### 8. Complementarity with PEFA framework

The tool provides information that could be used to allow a more substantive review of areas relevant to PEFA pillars - Policy-based Fiscal Strategy and Budgeting (Pillar IV) and Predictability and Control in Budget Execution (Pillar V).





## Development and use

### 9. Development and coordination

The first edition of Collecting Taxes was launched in 2008. From its inception until 2013, the annually updated CTD dataset has featured more than 30 tax and tax-related variables and has represented the only publicly accessible dataset of its kind.

The dataset underwent an overhaul between 2014 and 2015, with refinements and improvements made to the indicators, methodology, sources, and data. The team reviewed and considered more than 40 relevant indicators from the literature and also consulted tax experts from the IMF, World Bank, and governments to determine robustness as well as perceived popularity of usage, resulting in a total of 20 indicators today. The construction of the 2017/18 CTD was based on the compilation of data from multiple existing data sources, in order to arrive at a complete and comprehensive dataset.

The tool was developed in consultation with the IMF and World Bank.

### 10. Assessment management

USAID collects internationally available data to compile the database. The CTD contains a program document that describes the database and how to use it.

USAID is responsible for compiling and reviewing the data before publishing it to its database. Collected data is reviewed for outliers and sense-checked using summary statistics. Data may also be reviewed using secondary sources. Where concerns are raised over the quality of the data, USAID is open to reviewing and revising it as needed.

### 11. Uses by the government and members of the PFM community

CTD is part of a wider agenda of the international community to help countries strengthen their tax systems and improve domestic revenue mobilization (DRM). The database is designed for relevant stakeholders (e.g., policymakers, practitioners, and researchers) worldwide to conduct analysis on DRM. CTD is available to the public and allows stakeholders to use the data in conducting relevant analysis.

### 12. Sequencing with other tools

Data collected can be used by partner organizations to conduct both analysis of national tax systems and to make cross-country comparisons between different administrations.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

Changes are not specifically tracked, but users of the database can compare previous scores using past data of countries.

USAID updates the CTD annually but the precise timing of updates can vary. The CTD source data are also updated.

### 15. Resource requirements

There is no cost to the database user, but it costs about US\$50,000 to US\$100,000 per year for USAID to update and maintain the CTD.

It takes approximately three months for USAID to update the database (60 days of staff time).

## Transparency



### 16. Access to methodology

Methodology (2022) is [available](#). The CTD contains a program document that outlines how to use the database, which is published on its website.

### 17. Access to assessment results

The CTD does not provide a separate report for each country, but releases data on all countries that it possesses data for in its database tool.

The CTD posts a full [database](#), including a technical note describing each indicator, and allows users to query specific countries and indicators via USAID's International Data & Economic Analysis (IDEA) platform.

## African Tax Outlook (ATO) - African Tax Administration Forum



### Objective and features

#### 1. Objective

ATO aims to provide information on selected African countries for African tax administration, tax policy makers, and tax practitioners to compare and improve tax administration and revenue performance. ATO assesses and compares participating countries against indicators in various categories: tax rates, tax bases, tax structure, revenue performance, tax administration, taxpayer service, and compliance.

#### 2. Institutional coverage

National governments (of participating African countries).

#### 3. Technical coverage

ATO assesses and compares data of a number of African countries against indicators in four broad categories: tax bases, tax structure, revenue performance, and tax administration.

#### 4. Application method

Self-assessment.



### Methodology

#### 5. Methodology

ATO is used to analyze data on taxation trends in participating countries. It analyzes data on taxation trends and provides

- a collection of good practices used for cross-country or regional comparisons and benchmarking;
- evidence-based recommendations to reform tax policies, tax administrations, and tax systems in general; and
- an analysis of observed trends within and across countries.

The ATAF databank collects information and provides in-depth analysis to improve comparability, analysis, quality, and accessibility of revenue data for Africa.

#### 6. Benchmarking system

Data collection and reporting tool.

#### 7. Linkage to PEFA framework

Some of the ATAF indicators cover tax administration topics examined with PEFA performance indicator on revenue administration (PI-19).

#### 8. Complementarity with PEFA framework

ATAF indicators and ATO reports provide information that could be used in areas relevant to PEFA Pillar V: Predictability and Control in Budget Execution.



## Development and use

### 9. Development and coordination

ATAF's ATO was launched in June 2016 to make available reliable tax statistics and analyses pertaining to African tax administrations, in order to improve the efficiency and effectiveness of member country taxation. The ATO data portal, launched in November 2017, provides ATAF members and non-members with the opportunity to collect a harmonized set of national-level information and data on tax and customs administration.

ATAF and ATO countries constantly upgrade and introduce new indicators in response to feedback on previous editions of the ATO to ensure that indicators reflect the fast-changing tax environment.

### 10. Assessment management

Focal points from each participating country for data collection commit to a documented data collection process using the online ATO data platform and ATO Guidebook. The main steps to prepare each annual edition of the ATO are as follows: (1) a data collectors' capacity-building workshop, (2) data collection period prior to the year of publication, (3) a validation workshop, and (4) drafting of the annual publication. Preparation of the ATO publication is done in collaboration with the ATAF Secretariat and participating countries to ensure strong ownership and that skills are utilized from these countries. The ATO project is also an opportunity to bring visibility to participating tax administrations.

### 11. Uses by the government and members of the PFM community

The ATO data platform provides users access to harmonized information and data on tax and customs administration and allows participating tax administrations to conduct their own analysis. These indicators support African tax authorities as they implement reforms and policies to broaden the tax base, narrow tax gaps, simplify and improve fairness in tax systems, enhance overall voluntary compliance, and keep policy makers informed on tax matters. The ATO report is intended to

- improve cross-country or regional comparisons and benchmarking;
- provide evidence-based recommendations to reform tax policies and tax administrations;
- analyze the data in terms of taxation trends around the continent, identify good practices, and draw inferences on the heterogeneity of the tax data over time and across countries; and
- provide comparable data on tax policy, tax administration, and tax legislation.

### 12. Sequencing with other tools

Data collected can be used by countries and partner organizations to conduct analysis on national tax systems and make cross-country comparisons between participating administrations.

### 13. PFM capacity building

Data compilation includes capacity-building workshop specifically aimed at data collectors of tax administrations. Face-to-face sessions on a proposed area of need in the respective year are targeted at tax officials from tax administration of ATAF member countries. Virtual training programs also target tax officials in two areas - tax audit and tax treaties.

### 14. Tracking of changes and frequency of assessments

Users of the databank can compare past data and trends of countries. Data from ATAF databank is used every year to produce the annual editions of the ATO.

### 15. Resource requirements

Participating countries have agreed to a cost sharing formula to ensure the financial sustainability of the ATO project.

## Transparency



### 16. Access to methodology

Guidelines, templates, and other supporting documents are only accessible for participating countries.

### 17. Access to assessment results

The databank and ATO report can be accessed through the ATAF [website](#).

## Tax Administration Maturity Model Series - Organisation for Economic Cooperation and Development



### Objective and features

#### 1. Objective

The Tax Administration Maturity Model Series primarily aims to allow a tax administration understand its strengths and weaknesses and compare its level of maturity with other tax administrations on an anonymized basis.

#### 2. Institutional coverage

Tax administrations at national and subnational governments.

#### 3. Technical coverage

The maturity model covers different aspects of tax administration.

#### 4. Application method

Self-assessment or by an external assessor.



### Methodology

#### 5. Methodology

The overview of the model displays a set of summary descriptors for each maturity level by subtheme. Results of the self-assessment are recorded by comparing actual practice with the summary descriptors. In addition to recording the level of maturity, there are some open text boxes where it is possible to record the key evidence for determining maturity.

By nature, maturity models are not prescriptive regarding the details of processes and regarding how broad outcomes should be achieved. There is neither one-size-fits-all nor any detailed method that should be preferred over another in all circumstances. There is also no judgment within the models themselves as to what the optimal level is for a particular tax administration. This will depend on their own circumstances, objectives, and priorities.

#### 6. Benchmarking system

The model sets out five levels of maturity:

1. Emerging level represents tax administrations that have already developed to a certain extent, and, at least in the area of tax debt management, have made significant progress.
2. Progressing level represents tax administrations that have made or are undertaking reforms in tax debt management as part of progressing toward the average level of advanced tax administrations.
3. Established level represents where most advanced tax administrations are, such as FTA members.
4. Leading level represents the cutting edge of what is generally possible at the present time through actions by the tax administration itself.
5. Aspirational level looks forward at what might be possible in the medium term as the use of new technology tools develops and as tax administrations make a paradigm shift toward a more seamless tax administration.

#### 7. Linkage to PEFA framework

The maturity model is related to PEFA performance indicator Revenue Administration (PI-19).

#### 8. Complementarity with PEFA framework

The maturity model provides a drill-down detailed diagnostic for specific revenue administration operational functions.



## Development and use

### 9. Development and coordination

The OECD Forum on Tax Administration (FTA) first developed a maturity model in 2016 in order to assess digital maturity in two areas - natural systems/portals and big data. The digital maturity model was introduced in the OECD 2016 report, [Technologies for Better Tax Administration](#). Building on this, work began in 2018 to develop a set of standalone maturity models covering the functional areas of tax administration, such as auditing and human resource management, as well as the more specialized areas such as enterprise risk management, analytics, and measurement and minimization of compliance burdens.

As of December 2019, maturity models on tax debt management and compliance burdens have been developed and published. Enterprise Risk Management Maturity Model and Digital Transformation Maturity Models were published in 2021. The Belgian Debt Management Agency and the Advisory Group comprising of Canada, Hungary, Norway, Spain, and Singapore were involved in the development of the maturity model.

### 10. Assessment management

The main steps of the assessment process are as follows:

- The administration decides which of the OECD maturity models to use.
- Relevant stakeholders are brought together in a workshop-style meeting where a lead person guides all participants through the model, with a set of descriptors for each maturity level by subtheme. For participants to understand what a given level of maturity means, a set of indicative attributes is also provided under each maturity level.
- The participants discuss each subtheme, and, guided by the indicative attributes, decide together the level of maturity the administration has for each subtheme.
- The outcomes are recorded in a self-assessment record sheet. Tax administrations are encouraged to record evidence as to why they arrive at a level of maturity to facilitate understanding of the assessment and provide the background for future assessments.

There is no system in place for external quality assurance and the framework relies on internal governance to avoid functions scoring themselves higher than justified. However, nothing prevents a tax administration from having an external verification.



## Development and use

### 11. Uses by the government and members of the PFM community

Maturity models can be used regardless of the capacity of the tax administration or income classification of the country. The model can help users in formulating a strategy and in identifying areas for further improvement, including where the improvements need to be supported by the actions of other parts of the tax administration. The models also provide an opportunity for seeking peer-to-peer assistance and advice from other tax administrations.

### 12. Sequencing with other tools

Some jurisdictions may find value in combining the use of the maturity model with other external assessment tools, for example the TADAT (BO2) or with internally generated performance indicators.

### 13. PFM capacity building

The level of maturity can help in formulating a strategy and in identifying areas for further improvement, including where they can be supported by the actions of other parts of the tax administration.

### 14. Tracking of changes and frequency of assessments

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### 15. Resource requirements

For self-assessment discussion - feedback from administrations suggests that it may take from a half day to a full day. Resources required include a range of functional staff across grades, someone outside of the function to lead the discussions, and staff from other tax administration functions, ideally at a relatively senior level, to assist in the challenge function and to provide insights from their perspective.



## Transparency

### 16. Access to methodology

The toolkit documentation is available. Detailed instructions about the toolkit, consisting of details on each theme, is [available](#). The methodology is documented in Norad mapping.

### 17. Access to assessment results

Database is internal to the FTA Secretariat. Reports of the assessment are kept anonymous to help ensure that administrations are not influenced in their use of the maturity model by concerns about external perceptions. This is intended to reinforce its primary purpose as a self-assessment tool for informing a tax administration's future strategy.

The results will always be owned by the administration conducting the self-assessment. However, administrations are encouraged to report results to the OECD FTA Secretariat on a confidential basis, who will then produce anonymized heatmaps that allow administrations to see where they sit compared with others. Tax administrations that wish to speak to peers for knowledge sharing purposes (for example to those who are at a leading or aspirational level) can ask the OECD Secretariat to connect them to that peer.

## Public Investment Management Assessment (PIMA) - International Monetary Fund



### Objective and features

#### 1. Objective

PIMA aims to help IMF member countries strengthen the efficiency and effectiveness of their public investment.

#### 2. Institutional coverage

National governments (only one or two PIMAs have been conducted for subnational governments).

#### 3. Technical coverage

The dimensions covered by the framework are:

1. public investment management;
2. macro fiscal frameworks; and
3. public procurement and management of fixed assets.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The PIMA framework examines 15 key practices (termed “institutions”) and three enabling factors (termed “crosscutting issues”) supporting infrastructure governance, which shape decision-making at three key stages of the public investment cycle: (i) planning for sustainable level of public investment, (ii) allocation to the right sectors and the right projects, and (iii) implementation to deliver productive and durable assets. The 15 institutions are assessed from the perspective of institutional design, effectiveness, and reform priority:

- Design (de jure): Are formal institutional requirements in place?
- Effectiveness (de facto): Are institutions performing adequately?
- Reform priority: What should a country’s reform priorities be across the various public investment institutions?

The first two (Design and Effectiveness) are graded. Each institution is analyzed along three dimensions that reflect its key features, resulting in a total of 45 dimensions. Three possible scores are assigned to each dimension (1: not met, 2: partially met, 3: fully met), and their average within an institution produces a score for that institution. Following the assessment of the 15 institutions, a set of recommendations is drafted for the government to consider. Recommendations are presented as a sequenced reform action plan with clear priorities, specific timelines, and key actors.

#### 6. Benchmarking system

A summary heatmap assigns a score to each institution, gives a comprehensive picture of the institutional design and effectiveness of a country’s public investment management institutions, and provides the basis for a prioritized set of recommendations and a sequenced action plan. Countries are graded on a color code for each indicator - green for high, yellow for medium, and red for low.

#### 7. Linkage to PEFA framework

PIMA covers aspects related to the following PEFA performance indicators: public investment management (PI-11), public asset management (PI-12), medium-term perspective in expenditure budgeting (PI-16), and procurement (PI-24).

#### 8. Complementarity with PEFA framework

The tool enables additional scrutiny by providing additional indicators to assess public investment management in PEFA Pillar III and procurement in Pillar V.





## Development and use

### 9. Development and coordination

The PIMA framework was first introduced in the 2015 Board Paper, “Making Public Investment More Efficient,” as part of the IMF’s Infrastructure Policy Support Initiative (IPSI), recognizing that strong infrastructure governance is critical for public investment to spur economic growth. The World Bank was also consulted during its development. The framework was published in 2015 and updated in 2018. The update aimed to highlight some critical governance aspects more prominently including maintenance, procurement, independent review of projects, and enabling factors. The update has benefited from extensive stakeholder feedback, including from IMF teams, WB staff, and country authorities.

PIMA was modeled after WB’s Diagnostic Framework for Assessing Public Investment Management (B13).

PIMAs are carried out by the IMF in collaboration with other partners. Most PIMA assessments to date have been carried out in collaboration with the World Bank, Inter-American Development Bank (IADB), and Asian Development Bank (ADB).

### 10. Assessment management

The assessment is carried out in four stages: assessment initiation, pre-assessment, in-country assessment, and post-assessment. The assessment is undertaken at the request of an IMF member country. The IMF sends an evaluation team including staff from other partner organizations such as the World Bank, IADB, and ADB to complete a two-week in-country assessment. IMF staff uses the PIMA methodology to assess the strengths and weaknesses of public investment management practices of a country based on the discussion with the country’s officials and on the documents and data provided. At the end of a two-week in-country assessment, a draft report is prepared and submitted to the authorities and IMF headquarters for review of accuracy and quality.

Custodian quality assurance procedures apply, with validation from the government.

### 11. Uses by the government and members of the PFM community

PIMA is IMF’s key tool for assessing infrastructure governance over the full public investment cycle and for supporting economic institution building in this area. Governments and development partners use PIMA for follow-up capacity building to strengthen infrastructure governance.

## Development and use



### 12. Sequencing with other tools

Considering that PIMA is a policy-related tool addressing the governance aspect of public investment whereas the PPP Fiscal Risk Assessment Model (B14) is a project- or program-related tool, when used in conjunction, the two tools can provide support for evidence-based decision-making to enhance fiscal governance.

### 13. PFM capacity building

PIMA includes recommendations for the government on how it could improve areas that receive a low ranking. Authorities can adopt an action plan to improve public investment management based on the PIMA recommendations and request related technical assistance from the IMF and other development partners.

There are follow-up capacity development activities that are conducted by IMF staff and other organizations (e.g., WB, regional development banks). Regional and country workshops are also conducted to train government officials on good practices in infrastructure governance and to share international experience among peers.

### 14. Tracking of changes and frequency of assessments

Periodic assessment of progress in strengthening public investment management is usually a component of any technical assistance from the IMF. A broader assessment could involve updating the PIMA after a few years. Assessments are completed upon request from IMF member countries.

### 15. Resource requirements

The cost depends on the country where the assessment is carried out. The evaluation involves a mission from the IMF Fiscal Affairs Department visiting the country being assessed. The length of visit is about two weeks. Past evaluations comprised about four to five staff.

## Transparency



### 16. Access to methodology

Methodology is [available](#). The IMF has a dedicated website on infrastructure governance including PIMA. The IMF has published a booklet that outlines the indicators used in the evaluation.

There is an internal PIMA Field Guide for PIMA teams and reviewers. The IMF is planning to publish a PIMA handbook that provides detailed PIMA methodological guidance and good country practices in infrastructure governance.

### 17. Access to assessment results

Published PIMA reports are available on the IMF infrastructure governance website. The reports can be accessed [here](#).

The IMF encourages publication of PIMA reports for wider dissemination and transparency and has published all the PIMA reports that country governments have agreed to disclose.

## Diagnostic Framework for Assessing Public Investment Management (DF-PIM) - World Bank



### Objective and features

#### 1. Objective

DF-PIM aims to identify the core weaknesses in PIM ecosystem of a country in order to focus scarce managerial and technical resources toward addressing these identified weaknesses and to develop institutional remedies that yield the greatest impact.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

The framework covers procurement, fiduciary, reporting, and audit functions to the extent relevant to public investment management.

#### 4. Application method

Self-assessment and by custodian.



### Methodology

#### 5. Methodology

DF-PIM is a tailored instrument with a qualitative approach that offers flexibility in its application. Rather than provide a regular benchmarking exercise with international best practices, the framework defines the following eight key “must-have” features of a well-functioning public investment system:

1. Investment guidance, project development, and preliminary screening
2. Formal project appraisal
3. Independent review of appraisal
4. Project selection and budgeting
5. Project implementation
6. Project adjustment
7. Facility operation
8. Project evaluation.

There are 19 questions distributed across the key features listed above which act as indicators for conducting an objective assessment. Questions are intended to highlight the weaknesses that should be addressed to enhance public sector assets and achieve economic growth. The framework also provides a PIM system performance matrix (typology) that looks at the alignment of incentives to improve project design and selection (features 1 to 4), and credible commitments and long-term investment in administrative capacity to improve project implementation (features 5 to 8). The user guide also presents Desirable Institutional Arrangements and Diagnostic Indicators mapped against each key feature and stages of the PIM cycle.

#### 6. Benchmarking system

Narrative evaluation.

#### 7. Linkage to PEFA framework

The eight “must-have” features of DF-PIM were considered and included as much as possible in public investment management (PI-11) of the 2016 PEFA Framework.

#### 8. Complementarity with PEFA framework

DF-PIM assessments can provide a more detailed analysis of a country's PIM systems.



## Development and use

### 9. Development and coordination

DF-PIM was developed in 2008 to address the lack of an assessment tool in PIM space at that time. Through DF-PIM, WB tried to unbundle the PIM cycle, and based on the learnings from earlier assignments, the eight critical must-have features were incorporated into the framework.

A subnational tool was further developed by WB, with climate change and fiscal framework aspects built into the assessment in addition to the points in DF-PIM. This subnational tool was further revised in 2014 to add a scoring system for measuring effectiveness.

There is a consistent dialogue between WB and IMF to align PIM tools and frameworks in terms of the major issues identified (output gaps, efficiency gaps). The IMF PIMA (B12) was modeled after DF-PIM. Plans to revise DF-PIM were discontinued after PIMA was established and when both WB and IMF started using PIMA.

### 10. Assessment management

The assessment can be requested by the country or can be decided by WB as a part of its engagements such as budget support initiatives and development policy operations (to determine the regulatory changes required). Standard WB quality assurances may be followed in case of a custodian assessment. There is no specific quality assurance arrangements prescribed if the tool is used for self-assessment.

### 11. Uses by the government and members of the PFM community

The tool is used by governments in undertaking periodic self-assessments of public investment efficiency and in designing reforms to improve government systems. Governments can conduct a gap analysis of the actual system relative to the basic system to identify the weak areas in structural aspects of the public investment decision and management process. Donors such as ADB, Japan International Cooperation Agency, Swiss Agency for Cooperation and Development, and EU used PIM assessments in their interventions.

### 12. Sequencing with other tools

The indicators provide objective measures of inefficiency that can also help identify the decision nodes at which existing processes might be failing. This may be confirmed with a more specific assessment like PIMA (B12). In cases where the country requests a public-private partnership (PPP) related assessment, a PIM assessment could be carried out as its findings on public-financed projects can give a better understanding of the ecosystem for PPP projects.

### 13. PFM capacity building

Recommendations based on assessment findings may include capacity-building measures.

### 14. Tracking of changes and frequency of assessments

The tool is not designed to track changes. There is no defined timeframe for updating the assessment. However, governments can undertake self-assessments whenever there are any changes in the institutional framework to design reforms for enhancing the productivity of public investment.

### 15. Resource requirements

Average cost per country would vary between US\$50,000 and US\$150,000. Cost varies based on size of the country and the number of institutions/agencies to be covered. Assessment time is dependent on data availability, readiness of government counterparts, and size of the country. Usually three to five members per team are engaged, possibly experts in engineering, construction, infrastructure, and fiscal policy.

## Transparency



### 16. Access to methodology

DF-PIM policy paper is *available* for public use.

### 17. Access to assessment results

WB maintains an internal repository. Since the framework is built for self-assessment, all reports are not published on the WB website.

## PPP Fiscal Risk Assessment Model (PFRAM) - International Monetary Fund



### Objective and features

#### 1. Objective

PFRAM is a macro-fiscal analytical tool designed to assess the potential fiscal costs and risks arising from public-private partnership (PPP) projects.

#### 2. Institutional coverage

National governments, subnational governments, local governments or local-level units, and individual state-owned enterprises (SOEs) and public institutions (for both PFRAM 1 and 2). There are two versions of PFRAM that share the same institutional coverage: PFRAM 1 is only suitable for single projects, and PFRAM 2 can assess a portfolio of PPPs.

#### 3. Technical coverage

The model covers public investment management, following a macro-based calculation that estimates financial statement variables and projections. Five key outputs are produced:

1. Cash flows of project company
2. Fiscal impact charts and tables
3. Government's financial statements
4. Sensitivity analysis
5. Project risk matrix.

#### 4. Application method

Self-assessment by national authorities or private companies, or external assessment undertaken by developer/custodian (IMF/WB).



### Methodology

#### 5. Methodology

PFRAM 1 is an Excel-based tool. The first step involves inputting key PPP contract details: initial year, length of contract, and level of government funding. The risk matrix groups risks under 11 main risk categories broken down into 52 subcategories (in parentheses):

1. Governance Risks (3 detailed risks)
2. Construction Risks (19 detailed risks)
3. Demand Risks (10 detailed risks)
4. Operation and Performance Risks (7 detailed risks)
5. Financial Risks (4 detailed risks)
6. Force Majeure Risks (No detailed risks)
7. Material Adverse Government Actions (MAGA) (No detailed risks)
8. Change in Law (No detailed risks)
9. Rebalancing of Financial Equilibrium (3 detailed risks)
10. Renegotiation Risks (No detailed risks)
11. Contract Termination Risks (2 detailed risks).

PFRAM 2 differs in that it has increased input variables to cover a portfolio of PPP projects since PFRAM 1 only works on one project at a time. The end results of the risk matrix follow the same methodology outlined in the paragraph above.

#### 6. Benchmarking system

For PFRAM to allow benchmarking against internationally accepted standards, the inputs are aligned with international financial reporting standards (IFRS).

The main output is the risk matrix which groups risks under the main risk categories. The user first allocates the risk between private and public, then assesses the likelihood and fiscal impact (low, medium, or high), which produces an overall risk rating of either irrelevant, low, medium, high, or critical. The scoring system is consistent between PFRAM 1 and PFRAM 2.

#### 7. Linkage to PEFA framework

There are three linkages with the PEFA framework: (1) budget documentation (PI-5), Element 9 – summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as PPP contracts; (2) fiscal risk reporting (PI-10), Dimension 10.3 – contingent liabilities and other fiscal risks; and (3) public investment management (PI-11), all dimensions – only applicable if the country uses PPP.

#### 8. Complementarity with PEFA framework

Compared with the PEFA framework, PFRAM provides details on the risks and their quantification.



## Development and use

### 9. Development and coordination

The original idea for the tool came during the height of the 2008 financial crisis, where the use of PPPs had caused significant contingent liabilities to materialize. Many countries were increasingly using PPPs for investment projects in order to circumvent budget constraints or postpone recording of fiscal costs. As a consequence, many governments have exposed themselves to excessive fiscal risks without sufficient means to quantify them. At that time, there were no tools available to assess the fiscal risks of PPPs. In response, IMF and WB jointly developed PFRAM.

PFRAM 1.0 was created in 2016. PFRAM 2.0 was released in 2019 and extended its scope from single project assessments to being able to assess portfolios of PPPs and having additional capabilities to model economic shocks as part of sensitivity analysis. Accessibility of the Excel-based tool was increased by making the tool more user-friendly for non-PPP experts.

### 10. Assessment management

As the tool is jointly developed/managed by IMF and WB, there are two avenues to seek support and provide feedback. IMF can be contacted via their standard email inquiry address for support ([imfpubinv@imf.org](mailto:imfpubinv@imf.org)) while the World Bank has a dedicated [link](#) for feedback. The IMF has conducted specific missions utilizing the tool either through internal requests from technical assistance personnel or external requests from national authorities.

### 11. Uses by the government and members of the PFM community

The tool is used by IMF and WB as part of their technical assistance programs. National authorities and private companies, such as S&P and Moody's, may use it in an independent capacity.

### 12. Sequencing with other tools

As an ad-hoc tool, there is no sequencing required with other tools for either PFRAM 1 or 2. However, P-FRAM is occasionally used in conjunction with IMF's Public Investment Management Assessment (B12). This is not a standard sequencing as it has only occurred in a few distinct cases.

### 13. PFM capacity building

IMF and WB capacity development activities include (1) direct support to country authorities in assessing the impact of their PPP portfolio on the fiscal position, and (2) regional workshops to train country authorities in using PFRAM for analytical purposes.

### 14. Tracking of changes and frequency of assessments

The tool is not designed to track changes. There is no predefined frequency for repeated assessments.

### 15. Resource requirements

Cost is minimal as the tool can be used remotely. For remote support and training, the financial costs would be limited. For specific missions, the costs can be significant as these typically involve a team being based on-site.

Workshops and training normally require one or two days. Some training sessions may require additional days to cover different locations, schedules, or cohorts of national authority officials. Specific missions by the IMF to assess fiscal risks of PPPs using the PFRAM tool are normally five to ten days. When an assessment is required as part of an existing IMF technical assistance program in a country, it usually requires significantly more time than a separate mission focused solely on PFRAM.

## Transparency



### 16. Access to methodology

There is public access to both PFRAM 1 and 2 user guides, available at [PFRAM 1](#) and [PFRAM 2](#).

### 17. Access to assessment results

Internal repository is available with the custodian. However, outputs are not published.

## Public Sector Balance Sheet (PSBS) - International Monetary Fund



### Objective and features

#### 1. Objective

PSBS helps governments compile a public sector balance sheet, bringing in all assets, and debt and non-debt liabilities of general government and public corporations into a single comprehensive picture of the public finances.

#### 2. Institutional coverage

All assets and liabilities that government controls, including public corporations, infrastructure, natural resources, and pension liabilities.

#### 3. Technical coverage

The PSBS database covers balance sheets of the central and general government, central bank, and financial and non-financial public corporations, consolidated with the most significant crossholdings assets and liabilities or intra-public sector transactions.

#### 4. Application method

Database. PSBS is compiled based on the conceptual framework of IMF's Government Finance Statistics Manual (GFSM) 2014.

### Methodology



#### 5. Methodology

The PSBS database is built in a Microsoft Excel Tool and contains the balance sheets of the following:

1. Central/General Government. Data are based on submissions from authorities to IMF's Statistics Department (STA) for dissemination in the GFS Yearbook database (Government Statement of Operations).
  - a. When country estimates for fixed assets are unavailable, IMF's capital stock and investment database, 2017 which includes estimates for the public capital stock compiled through the perpetual inventory method, is used.
  - b. Estimates for the stock of mineral and energy resources correspond to the present value of the expected pretax cash flows resulting from their commercial exploitation (following the GFSM 2014 valuation guidelines).
  - c. When country estimates for pension liabilities are not available, an estimate is produced using a model developed by IMF staff to calculate the accrued-to-date pension entitlements of civil servants and other public sector employees.
2. Central Bank. Data are based on authorities' submission to STA of Central Bank Survey through Standardized Report Format.
3. Financial and Non-Financial Public Corporation. Data are based on country publications or they directly come from the financial statements of individual public corporations.
4. PSBS. Produced as the aggregation of the general government, central bank, and public corporation, corrected with the crossholding assets and liabilities.

#### 6. Benchmarking system

To enable cross-country comparability, the PSBS estimates follow the GFSM 2014 guidelines. In addition, financial statements of government entities (extra-budgetary and public corporations) are converted into GFS classification. In some cases, the SOE Health Check Tool (developed in 2021) is used.

#### 7. Linkage to PEFA framework

There is one link with PEFA framework: completeness of annual financial reports (PI-29).

#### 8. Complementarity with PEFA framework

PSBS provides a complete picture of what a government owns and owes.



## Development and use



### 9. Development and coordination

The template is developed by Fiscal Affairs Department (FAD) and STA within the IMF. The first PSBS database is published along with the October 2018 Fiscal Monitor.

### 10. Assessment management

FAD PFM1 and PFM2 divisions provide capacity development assistance to authorities in compiling and analyzing their PSBS. Also, in collaboration with STA, FAD is working on updating and expanding the 2018 PSBS database.

### 11. Uses by the government and members of the PFM community

The PSBS database enables users to:

1. apply a stress test to understand the impact of a combined macroeconomic and contingent liability shock and assess the consequences on public sector net worth;
2. benchmark aggregate rates of returns of public assets to identify scope for better management of assets; and
3. compile a comprehensive balance sheet incorporating current assets and liabilities and the present value of future revenues and payments under current policies.

IMF area teams also use PSBS database in their surveillance work. Also, the tool is used by FAD as part of capacity development assistance to identify current and potential fiscal risks, for example, those arising from climate change.

### 12. Sequencing with other tools

The tool is built based on existing STA tools and on the benefits from the SOE Health Check Tool outputs.

### 13. PFM capacity building

FAD provides capacity development assistance to authorities to enable them to compile their PSBS and use it for analyzing fiscal risks, including the long-term impacts of climate change.

### 14. Tracking of changes and frequency of assessments

As a database tool, it allows revision of previous data but it does not track changes.

### 15. Resource requirements

For countries that publish PSBS, the cost is minimal. For countries that do not publish PSBS data, compiling a PSBS requires technical assistance. However, recent experience shows that a two-week capacity development mission - collaborating with the authorities - would be sufficient to compile the PSBS and undertake some risk analysis.

## Transparency



### 16. Access to methodology

FAD Fiscal Risks Portal provides information on the PSBS assessment tool, and the data are publicly accessible. The methodology for PSBS estimates is presented in [IMF Working Paper 20/130](#).

### 17. Access to assessment results

PSBS [database](#) is accessible by the public.

# Debt Management Performance Assessment (DeMPA) - World Bank



## Objective and features

### 1. Objective

DeMPA is a benchmarking tool for assessing government debt management performance to form the basis for a sequenced capacity-building plan.

### 2. Institutional coverage

National and subnational governments (a subnational DeMPA is available).

### 3. Technical coverage

DeMPA deals with debt management and closely related functions such as issuance of loan guarantees, on-lending, and cash flow forecasting and cash balance management. There are 14 debt management performance indicators (DPIs) and 33 sub-indicators (dimensions) spread across five areas:

1. Governance and strategy development
2. Coordination with macroeconomic policies
3. Borrowing and related financing activities
4. Cash flow forecasting and cash balance management
5. Debt recording and operational risk management.

While DeMPA does not assess the ability to manage the wider public debt, including debts of state-owned enterprises that are not guaranteed by the central government, these liabilities are included as they relate to debt sustainability analysis.

### 4. Application method

Self- assessment and custodian.



## Methodology

### 5. Methodology

A detailed background information and rationale is provided for each indicator in the user guide. The user guide presents the dimension(s) to be assessed, the scoring criteria for each dimension, and a list of supporting documents/other evidence and indicative questions to be asked. The DeMPA report neither contains specific recommendations nor makes assumptions as to the potential effect of ongoing reforms on government debt management performance.

A separate subnational DeMPA (SN DeMPA) is also available. While many indicators of the sovereign DeMPA can be applied to the SN DeMPA evaluation, sovereign and SN DeMPA differ in critical areas such as the intergovernmental fiscal framework laid by the central government, the autonomy of subnational governments (SNGs) to raise debt (borrowing frameworks), and the role of the central bank in managing liquidity at subnational level. Importantly, the SN DeMPA methodology is to be applied to individual SNG entities and not to the entire SNG sector. It applies to SNGs with the capacity to incur debt, or that plan to do so in the short term and have an outstanding debt. As such, DPI-6 (Coordination with Fiscal Policy) will not be applicable to SNGs and hence not part of SN DeMPA.

### 6. Benchmarking system

DeMPA follows a scoring system. Assessments are made by scoring each dimension on a 4-point scale representing stages in development. Each dimension is assigned a score of A, B, C, or D. The A score denotes sound practice, B lies between the minimum requirements and sound practice for that aspect, C indicates that the minimum requirement is met, and D indicates that the minimum requirement is not met signaling a deficiency in performance, normally requiring priority corrective action. The methodology accommodates situations in which it is not possible to assign a score.

The framework does not encourage aggregation of either indicator or dimension scores, which are alphabetical rather than numerical. However, it would be possible to aggregate using simple algorithms and associating scalars to the ratings.

### 7. Linkage to PEFA framework

DeMPA's assessment approach was designed to mirror the PEFA framework. In its 2016 upgrade, the PEFA framework aligned debt management (PI-13) with the updated DeMPA criteria. DeMPA explored PEFA debt management (PI-13) in further detail: recording and reporting of debt and guarantees (PI-13.1) to debt records (DPI-14), approval of debt and guarantees (PI-13.2) to borrowing and guarantees (DPIs 8 to 10), and debt management strategy (PI-13.3 to DPI-3).

### 8. Complementarity with PEFA framework

A DeMPA assessment can provide an important input to PEFA debt management (PI-13) assessment; it can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or in other broad PFM assessments.



## Development and use

### 9. Development and coordination

Launched in 2007, DeMPA was developed in consultation with international and regional agencies involved in debt management capacity building, as well as with government agencies during country-level field testing. DeMPA was developed with inputs from the IMF, Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), West African Institute for Financial and Economic Management (WAIFEM), Center for Latin American Monetary Studies (CEMLA), United Nations Conference on Trade and Development (UNCTAD), Debt Management Financial Analysis System (DMFAS) program, Debt Management Facility, Public Expenditure and Financial Accountability Program (PEFA) Secretariat, and bilateral debt experts during the team missions and training activities.

DeMPA was revised in December 2009, reflecting changes in the scoring methodology and in a small number of indicators. DeMPA was further revised in 2015, to reflect the revisions to IMF's Guidelines for Public Debt Management, 2014 discontinuing the debt reporting indicator and incorporating the debt recording dimensions into DPI-4. Debt records dimension has been clubbed with operational risk management dimensions. The updated DeMPA was published in 2021. A DeMPA for SNG was issued in 2016.

DeMPA findings are used by UNCTAD, Commonwealth Secretariat, OECD, and IMF. DeMPA findings can lead to reforms in the overall PFM landscape such as cash management, tax administration, governance, and policy coordination, indicating possibilities of donor coordination in utilization of assessment findings.

### 10. Assessment management

Assessment is demand-driven and managed by the WB. The countries reach out to the WB (directly to the Debt team or through the country directors and country economists). Countries need not justify the need for a DeMPA assessment. Data gathering involves interactions with government officials, national experts, and external consultants. Findings are discussed with government officials. In addition, the WB supports the government in drawing the reform action plan.

Custodian quality assurance procedures apply. Draft reports are independently peer reviewed by two debt management experts who, among other things, check the scores are justified by qualitative evidence. In addition, there is a consistency check to ensure uniformity of coverage and reporting.

### 11. Uses by the government and members of the PFM community

DeMPA is used (1) as an input to debt management performance, (2) as an input to the design of action plans to develop capacity and institutions for debt management, and (3) to facilitate monitoring of efforts toward achieving government debt management objectives. The tool is designed to promote donor harmonization through a common understanding of priorities. The tool is also used as a baseline to set targets under the Sustainable Development Financing Policy (International Development Association, IDA-19).

## Development and use



### 12. Sequencing with other tools

A DeMPA assessment can be conducted in parallel with the PEFA assessment to evaluate the debt management performance in a country. DeMPA can be used to undertake a detailed assessment of the underlying factors leading to poor PEFA ratings in debt management. Alternatively, if the DeMPA exercise precedes a PEFA assessment, the latter can use the DeMPA results to inform its assessment of the relevant indicators.

### 13. PFM capacity building

Regional training events have been conducted for client country debt managers and central bank staff dealing with debt management, which has encouraged sharing of cross-country experiences, dissemination of sound practices, and peer networking.

Although DeMPA does not specify recommendations for reforms or capacity- and institution-building needs, the performance indicators do stipulate a minimum level that should be met under all conditions. Consequently, an assessment showing that the DeMPA minimum requirements are not met clearly indicates an area requiring reform or capacity building or both. DeMPA assessment findings may form an input for WB's technical assistance programs.

### 14. Tracking of changes and frequency of assessments

Since the methodology was revised in 2009 and again in 2015, comparison of reports across these timelines is facilitated by a section in the report on the reform measures implemented leading to improvement (or any deterioration) in government debt management performance.

The frequency of assessment is agreed by country stakeholders but aimed no sooner than after a period of three years.

### 15. Resource requirements

About US\$80,000 per mission. Field missions typically last for seven to ten days. Final report is submitted within four to five weeks. Assessments are carried out by three or four team members, comprising two WB experts partnered with other debt experts such as independent external consultants or a regional/international technical assistance provider.

## Transparency



### 16. Access to methodology

The [2015 methodology](#), the updated [2021 methodology](#), and the [SN DeMPA](#) are available.

### 17. Access to assessment results

Disclosure of final reports is at the discretion of the government. Published reports are [available](#).

# Methodology for Assessing Procurement Systems (MAPS) - Organisation for Economic Cooperation and Development (MAPS Secretariat)



## Objective and features

### 1. Objective

MAPS serves as a reform tool for all countries to improve the effectiveness and efficiency of public procurement, ensure integrity and transparency in the use of public funds, understand how procurement systems contribute to sustainability and broader policy objectives, and encourage dialogue between stakeholders.

### 2. Institutional coverage

National and subnational governments.

### 3. Technical coverage

Starting with a country context analysis to frame the assessment, the core MAPS focuses on four pillars. Each pillar has a set of indicators and sub-indicators.

There are 14 indicators with a total of 55 sub-indicators organized in four pillars:

- Pillar I: Legal, Regulatory and Policy Framework (3 indicators, 18 sub-indicators)
- Pillar II: Institutional Framework and Management Capacity (5 indicators, 14 sub-indicators)
- Pillar III: Procurement Operations and Market Practices (2 indicators, 6 sub-indicators)
- Pillar IV: Accountability, Integrity and Transparency (4 indicators, 17 sub-indicators).

### 4. Application method

Self-assessment or by any external entity.



## Methodology

### 5. Methodology

The public procurement system is assessed using the following three-step approach:

1. Review of the system, applying assessment criteria expressed in qualitative terms – review of the existing regulatory and policy framework, as well as institutional and operational arrangements, to determine whether the prescribed standard has been attained.
2. Review of the system, applying a defined set of quantitative indicators – focuses on the application of a (minimum) set of 15 quantitative indicators related to the prevailing procurement practices in the country. Additional indicators are available and may be used as appropriate. Each indicator is measured against specific principles. The baseline data, drawn from the quantitative indicators from the assessment, is used to identify strengths and gaps. Quantitative indicators are not benchmarked against set standards but can be used by the country to define baselines, set national targets, and measure progress over time.
3. Identification of substantive or material gaps (gap analysis) – if the system is not meeting the stated criteria, if an essential indicator is missing, and if procurement practices differ from the regulatory framework, such gaps are labeled substantive and can be addressed to improve the quality and performance of the system. Red flags are assigned to highlight any element that can impede the achievement of public procurement goals but that cannot be mitigated directly or indirectly (e.g., conflicting national laws or international agreements, political economy).

As applicable, recommendations are provided for a prioritized reform strategy intended to address any weaknesses identified.

### 6. Benchmarking system

Benchmarking system (based on international good practice) with narrative evaluation. Scoring has been removed from the revised MAPS (2018) as the tool is not to be used to compare countries, but rather to guide procurement reforms in a country.

### 7. Linkage to PEFA framework

All quantitative indicators have been aligned with procurement data required in PEFA assessments (PEFA performance indicator on procurement [PI-24]) for consistency in assessments and policy formulation. Some sub-indicators have references to other PEFA performance indicators such as performance information for service delivery (PI-8), internal control on non-salary expenditure (PI-25), internal audit (PI-26), external audit (PI-30), and legislative scrutiny of audit reports (PI-31).

### 8. Complementarity with PEFA framework

MAPS assessment provides a more detailed and in-depth analysis of a country's procurement systems.



## Development and use

### 9. Development and coordination

MAPS was developed in 2003/2004 by a joint initiative of the World Bank (WB) and the Development Assistance Committee (DAC) to assess and improve public procurement systems in developing countries by providing a common tool to analyze information on key aspects of any procurement system. It is born out of international high-level commitments by the donors to use country procurement systems more frequently.

A revision was carried out between 2015 and 2018 with emphasis on value for money, transparency, fairness, and good governance. This revision aimed to make MAPS universally applicable (compared with developing countries of 2003/04 MAPS). The revised methodology was refined after testing in countries at different development levels. Contextual elements (national policy objectives, support for private sector, civil service reform, etc.) have been integrated to ensure that the application of MAPS contributes to achieving effectiveness. The revised MAPS draws heavily from Sustainable Development Goals (SDGs); Recommendation of the Council on Public Procurement – OECD (2015); UNCITRAL Model Law on Public Procurement (2011); EU Directives on Public Procurement (2014); and the procurement frameworks used by multilateral development banks, countries, and implementing institutions. MAPS had a public consultation at the end of its last update.

Six supplementary modules are being added to the revised MAPS (e-procurement, procuring entities, professionalization, public-private partnerships and concessions, sector markets, and sustainable public procurement). In carrying out assessments, the MAPS Secretariat coordinates with stakeholders based on country context, wherever applicable.

### 10. Assessment management

Before the assessment is carried out, the scope, time, assessment team, stakeholders, and data collection mechanisms are defined. MAPS can be applied using the core methodology and/or the supplementary modules, depending on the requirements. Peer reviews as part of quality assurance should also be defined prior to the assessment process. A MAPS Assessment Steering Committee is recommended to be set up to foster cross-departmental cooperation and to demonstrate commitment by the government. The MAPS Secretariat can provide training to the assessors to enhance their understanding of the tool and its recommended usage.

Assessors gather information through reports from international agencies, statistics from the government, previous studies, and interviews with relevant stakeholders. Certain indicators that cannot be assessed through documentary evidence require surveys/interviews with stakeholders and participants in public procurement. List of resources to be consulted are detailed in the user guide. MAPS assessors can rely on several sources to substantiate their assessment, such as the Government at a Glance (OECD), Country Classifications (WB and others), the Corruption Perception Index (Transparency International), the Global Competitiveness Report (World Economic Forum), the Human Development Index (UN), and databases on international memberships and treaties such as the General Agreement on Trade and Tariffs (GATT) and the Agreement on Government Procurement (GPA from the WTO), among others.

A robust quality-assurance approach involves a review of compliance with the assessment process and compliance of the assessment report with the MAPS methodology, and the quality review of assessment results by the MAPS Secretariat and a designated MAPS Technical Advisory Group. The MAPS Secretariat will review every MAPS assessment, and if it has been carried out correctly, the Secretariat will issue certification that the assessment meets the specified quality standards.

A validation exercise with the stakeholders may be conducted to agree on the findings of the assessment, according to the agreement at the time of planning the assessment.

## Development and use



### 11. Uses by the government and members of the PFM community

Governments use MAPS to assess the value for money, transparency, fairness, and good governance of public procurement systems. Based on the strengths and gaps identified, the governments develop strategies and implement procurement reforms. Development partners (e.g., WB, GIZ, IDB, AfDB, AFD, USAID, and the Caribbean Development Bank) use MAPS at the time of planning interventions to assess the maturity of procurement systems in a country.

### 12. Sequencing with other tools

MAPS is an important input for assessments such as Governance Risk Assessment (Co7) and Country/ Sector Procurement Risk Assessment (Co8). It is also advisable to conduct MAPS assessment after completing a broad-based PFM assessment to drill down on the procurement function.

### 13. PFM capacity building

MAPS Pillar II focuses on the capacity of the officials involved in public procurement. Recommendations from the assessment can be used as input for capacity development interventions, where applicable.

### 14. Tracking of changes and frequency of assessments

MAPS allows countries to draw baselines and targets. Progress made between assessments can be tracked against these baselines. A full update of a MAPS assessment should be performed whenever major changes in legislation occur or whenever other substantive elements of the system change and/or affect the system performance. OECD recommends periodic evaluation as it identifies the MAPS framework as not just a diagnostic tool but a reform tool.

### 15. Resource requirements

Time and resource requirements for the assessment depend on the evolution and maturity of the country and scope of the assessment (all modules vs. specific modules), stakeholder coordination, buy-in/willingness of the country, and data availability or access to information. Average time for each MAPS assessment would be around six to nine months.

## Transparency



### 16. Access to methodology

Methodology is [available](#).

### 17. Access to assessment results

Some MAPS assessments are publicly [available](#). Earlier assessments are not yet available on the website. However, some recent reports based on the revised MAPS framework are published and the new MAPS Secretariat will populate the website with the assessments that it approves.



## e-Procurement Toolkit - World Bank



### Objective and features

#### 1. Objective

The e-procurement toolkit aims to provide insights into the implementation of e-Government Procurement (e-GP) systems and to assist governments embarking on the development of an e-Government Procurement (e-GP) implementation strategy.

#### 2. Institutional coverage

National and subnational governments.

#### 3. Technical coverage

The toolkit primarily covers the ICT environment in the area of public procurement. Five dimensions are covered: (1) governance, (2) institutional capacity, (3) functionality and infrastructure, (4) interoperability, and (5) adoption. The cross-sectional aspects of policy guidance through a set of procurement indicators have been listed to monitor the e-GP adoption and public procurement performance. The institutional arrangements for the effective and efficient implementation of the e-GP strategy are also charted out. One of the toolkit documents provides an overview of links between procurement indicators and policy goals.

#### 4. Application method

Self-assessment.



### Methodology

#### 5. Methodology

The toolkit comprises four documents:

1. E-Procurement Preparation explains the concept of e-GP and evaluates why and how to pursue the establishment of an e-GP framework. The document describes the benefits that e-GP implementation projects can offer and the actions that need to be planned.
2. Open Contracting Standard Implementation Methodology explains the concept of Open Contracting Data Standard (OCDS) and how to obtain a high-level approach for its implementation in an e-procurement system. The document also presents an overview of the OCDS and how it can be incorporated into a new or existing e-procurement system.
3. Public Procurement Indicators explains the concept of public procurement indicators for the assessment of the operation of e-GP against relevant policy goals. The document presents different categories of public procurement indicators. For each indicator, computational method and targets are defined.
4. Guidelines for Conducting Market Analysis for e-Procurement Systems defines the core principles of a methodology for conducting a market analysis with a view to obtaining/implementing e-procurement systems. The document explains why and how market analysis can be performed, for users to better understand the ICT market regarding the available vendors and existing e-procurement software products.

The four documents in the toolkit provide insights on the implementation of e-GP by detailing the step-by-step approach to the implementation of each element in an e-procurement system. Template Requirements functionality on the website guides users to quickly formalize technical requirements for implementing or procuring an e-procurement system.

#### 6. Benchmarking system

Benchmarking is provided through a description of the best practices in the design of e-procurement solutions. In comparing the current e-governance status in procurement systems with respect to a good e-GP, an ordinal classification into four status levels (Status 0, Status 1, Status 2, and Status 3) is provided for the five dimensions (see technical coverage section above). The classification into the four status levels is based on international practices and the cumulative experience of the WB.

#### 7. Linkage to PEFA framework

The toolkit covers aspects related to the PEFA performance indicator on procurement (PI-24).

#### 8. Complementarity with PEFA framework

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## Development and use



### 9. Development and coordination

The toolkit was developed in 2016 by the World Bank Group with funding from the Strengthening Accountability and Fiduciary Environment (SAFE) Trust Fund sourced by the Swiss State Secretariat for Economic Affairs (SECO) and the European Commission (EC).

The Multilateral Development Banks (MDB) Assessment Kit, developed in 2004 for assessing national e-procurement systems, was used as a reference point for the development of the tool. However, the assessment took 12 to 18 months, costing around US\$100,000. The WB identified the need to have a toolkit through which countries can quickly come up with the requirements of an e-GP system at a much lesser cost - leading to the development of the e-procurement toolkit.

### 10. Assessment management

The assessment must be managed entirely by government officials of public procurement agencies for the implementation of the e-procurement system by following the documentation in the toolkit. Support may be provided by the WB staff in using the toolkit as needed. External consultants may be hired if the government officials have insufficient capacity. No quality assurance is provided by the WB.

### 11. Uses by the government and members of the PFM community

The e-procurement toolkit can be used by governments to generate comprehensive business, functional, and technical requirements, or terms of reference for the selection of an e-procurement system. The toolkit can also be used for market guidance on the various e-procurement products available, and on their costing and functionality. The e-procurement toolkit can be used for the design and selection of an e-GP system.

### 12. Sequencing with other tools

There is no sequencing with other tools in practice.

### 13. PFM capacity building

Ex-post capacity-building initiatives resulting from the assessment: [e-Procurement Learning](#) (online learning course with five modules), [Global Public Procurement Database](#), and additional learning resources are available for country representatives to enhance their learning and stay updated on the topic of procurement and implementation of e-procurement systems.

### 14. Tracking of changes and frequency of assessments

The toolkit is intended for one-time usage at the time of implementation of an e-GP strategy.

### 15. Resource requirements

The toolkit can be used free of charge. If the assessment is done by the government staff alone, the cost of the assessment would be the time cost. In case the WB provides technical assistance for conducting the assessment, then there are travel costs associated with staff travel.

The toolkit can be applied in a very short span of less than a week by public procurement and contracting authorities of governments.

## Transparency



### 16. Access to methodology

Methodology is [available](#). The toolkit comprises of the four documents mentioned in 'Methodology', a template for generating functional requirements and a few learning resources in the area of procurement. There are no separate user guides available.

### 17. Access to assessment results

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# Diagnostic Framework to Assess the Capacity of a Government FMIS as a Budget Management Tool (DF-FMIS) - World Bank



## Objective and features

### 1. Objective

DF-FMIS is used to assess the utility of a financial management information system (FMIS) as a budget management tool and to

- provide a better understanding of how an FMIS can contribute to larger PFM objectives;
- point out whether the system has the capacity to serve as a good budget management tool and whether its functionality, coverage, and scope can have a significant impact on a government's ability to deliver services; and
- allow for comparison across countries within specific dimensions.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

DF-FMIS evaluates the treasury operations (on-treasury, off-treasury), FMIS coverage (coverage of payments handled by the Ministry of Finance, geographical coverage, coverage of financing sources), budgeting (budget classification, budget transactions, commitment management, payment management, receipts management, interface with banking system, fiscal reporting, basis of accounting, advanced budgeting features), ancillary features (related to budget preparation, payment control, debt management, fixed assets, and audit), and technical aspects (ICT system support, system architecture, mode of deployment, use of data warehouse and analytical tools).

### 4. Application method

Custodian.

## Methodology



### 5. Methodology

Assessment is done using 40 diagnostic questions. A few qualitative questions are added for background information. The assessment questions are spread across the following set of features that are found to be critical in determining the effectiveness of an FMIS as a budget management tool:

- Treasury single account (TSA) – the degree of consolidation of government cash balances and the extent of direct purview of the treasury.
- FMIS coverage – a proxy for measuring the extent to which government financial transactions are covered by the FMIS.
- Core system functionality – issues relating to budget management, commitment management, payments management and associated controls, payroll-related payments, debt service payments, fiscal transfers and subsidies, and tax and non-tax receipts.
- Ancillary features – use of systems modules and interfaces with other systems.
- Technical aspects – the nature of the underlying information systems support to budget execution or treasury processes, systems architecture, and the use of a data warehouse and associated analytical tools.

### 6. Benchmarking system

Benchmark approach with scoring system. The answers are scored from 0 to 3, where 0 represents not available and 3 represents a fully functioning system. The scores are aggregated into total system strength between 0 and 100.

### 7. Linkage to PEFA framework

The questions in the assessment cover a number of PEFA performance indicators: aggregate expenditure outturn (PI-1), budget classification (PI-4), public asset management (PI-12), debt management (PI-13), budget preparation process (PI-17), revenue administration (PI-19), payroll controls (PI-23), internal audit (PI-26), and external audit (PI-30).

### 8. Complementarity with PEFA framework

DF-FMIS offers an assessment of government information systems that are only indirectly covered by the PEFA framework.

## Development and use



### 9. Development and coordination

Independent Evaluation Group (IEG) evaluations seek to provide objective assessments to ensure that the World Bank Group is accountable to achieving its development objectives. This tool is based on IEG's experience of rigorous, field-based WB project-level evaluations with substantial FMIS components.

Well-functioning accounting and financial management systems are central pillars for a government to manage its public finances and delivery of services. This diagnostic framework was developed in 2016 to assess FMISs and identify the bottlenecks.

### 10. Assessment management

Data for the preliminary assessment was gathered from the WB database and the national governments. Quality assurance for the preliminary assessments was provided through the WB IEG standard procedures.

### 11. Uses by the government and members of the PFM community

The tool can identify bottlenecks in the current FMIS which can be targeted for achieving better value for money for project funds. DF-FMIS can determine whether FMIS coverage and scope of use is enough for fiscal management. This can be used to improve portfolio performance, hold stakeholders accountable, and deliver systems that facilitate improved management of public resources.

### 12. Sequencing with other tools

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### 13. PFM capacity building

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### 14. Tracking of changes and frequency of assessments

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### 15. Resource requirements

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## Transparency



### 16. Access to methodology

DF-FMIS methodology is [available](#) as a part of WB IEG working paper on preliminary application of the methodology to a sample set of 22 low-, middle-, and high-income countries, mostly in Africa and Asia.

### 17. Access to assessment results

See section on access to methodology above.

## Treasury Diagnostic Toolkit (TDT) - World Bank



### Objective and features

#### 1. Objective

TDT aims to design programs of direct support to treasury development, provide a detailed assessment of treasury development in analytic work and technical advice, and provide regular monitoring of treasury development as an important component of public expenditure management.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

Technical coverage of TDT focuses on the following:

- Legal and organizational framework – legal basis and treasury organization
- Scope of coverage of the treasury – treasury control over government financial resources, coverage of central government budget, coverage of extra budgetary funds, coverage of off-budget funds, and coverage of subnational governments
- System functionality – budget management, commitment management, payments management, receipts management, cash management, debt and aid management, fiscal reporting and budget review, expenditure monitoring, and revenue monitoring
- Nature of information systems support for treasury processes.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The toolkit consists of the following:

- Treasury Systems Questionnaire provides a diagnostic tool to assist country officials and the WB task managers in assessing the status of a treasury function in each country.
- Application Software Questionnaire is intended to assist treasury managers in the process of selecting appropriate application software from the wide range of options that are available in the market.

The questionnaire has three levels, each corresponding to rapid monitoring (Level I), detailed assessment (Level II), and program design (Level III). The three levels of the questionnaire are integrated and, as far as possible, nested so that the more basic assessment forms a subset of the larger instrument. The questionnaire helps in benchmarking the treasury system of a country against the levels.

#### 6. Benchmarking system

Each of the subsections (mentioned in the technical coverage section) belongs to any of the four levels described in TDT development. There are four levels defined for each of the system features. Based on the evidence collected, each indicator, system feature, and subsection is scored against the four levels. A score of 0, 1, 2, or 3 is assigned for each indicator in the questionnaire based on the level of development of the system.

#### 7. Linkage to PEFA framework

TDT covers aspects related to the following PEFA performance indicators: aggregate expenditure outturn (PI-1), revenue outturn (PI-3), debt management (PI-13), and legislative scrutiny of budgets (PI-18).

#### 8. Complementarity with PEFA framework

TDT provides a more detailed framework for the assessment of the treasury systems and hence can complement PEFA findings on accounting for revenue (PI-20), predictability of in-year resource allocation (PI-21), expenditure arrears (PI-22), internal controls on non-salary expenditure (PI-25), internal audit (PI-28), and annual financial reports (PI-29) with lateral links to debt management (PI-13) and payroll controls (PI-23).

## Development and use



### 9. Development and coordination

The tool was developed in 2003 to help assess the adequacy of FMIS investments. The toolkit emerged as a working instrument of the WB during operational and applied analytic work in the Europe and Central Asia (ECA) region in 2004. It has proved useful to the region during analysis of budget management capacity among ECA countries, while elements of the toolkit have also been used in developing practical programs of assistance on treasury development and related areas of public expenditure management reform. While the toolkit has emerged in part from experience in the ECA region, it has also been largely drawn from the experiences in other regions. The costing model was developed primarily during in-country work related to the development of the treasury. The WB and other organizations' experts (USAID, DFID, and GIZ) contributed to the development of the toolkit. The software analysis module benefited from the input of IMF experts.

### 10. Assessment management

Treasury managers could use the questionnaire to ask suppliers of application software to describe how their product would support treasury requirements. The WB will provide recommendations for technical assistance in treasury development and areas of public expenditure management reforms.

### 11. Uses by the government and members of the PFM community

TDT is used by the governments to design, implement, and monitor their treasury systems.

### 12. Sequencing with other tools

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### 13. PFM capacity building

Capacity-building initiatives are made available upon request from the government.

### 14. Tracking of changes and frequency of assessments

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### 15. Resource requirements

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## Transparency



### 16. Access to methodology

A WB working paper about the toolkit - consisting of treasury diagnostic questionnaire, scoring scheme, stages of development of treasury, cost estimation model, treasury reform program, institutional arrangement for payment processing, and treasury functional process - is [available](#).

### 17. Access to assessment results

See access to methodology section above.

# Treasury Single Account (TSA) Rapid Assessment Toolkit - World Bank



## Objective and features

### 1. Objective

The toolkit aims to ensure that the public financial management (PFM) reforms supported by ongoing FMIS activities are sufficiently focused on the design of basic TSA processes that improve cash management.

### 2. Institutional coverage

National and subnational governments.

### 3. Technical coverage

The toolkit is used to check the reliability, security, and sustainability of the TSA interface between the FMIS and central bank payment systems. The toolkit covers the following cross-sectional aspects of management information systems and regulatory framework:

1. Treasury operations (management of payments)
2. Banking functions (payment controls and settlements)
3. Accounting (reconciliation and reporting)
4. Oversight of payments and settlement systems (financial and information security controls).

Risk and controls review are also included in the toolkit to analyze the central bank and the treasury information systems, procedures, and operational environment. The toolkit does not cover aspects such as TSA design and cash management practices.

### 4. Application method

Custodian. It can also be used as a self-assessment tool.



## Methodology

### 5. Methodology

The TSA assessment toolkit is composed of 65 questions grouped into five categories:

1. Legal and regulatory framework of TSA operations (11 questions) – covers aspects of central treasury legislation for TSA operations and central bank legislation for interbank settlement systems.
2. TSA processes and interbank systems (25 questions) – covers aspects such as the segregation in duties of key TSA function, daily recording and reporting of TSA transactions, audit trails, inventory of bank accounts, and transaction level controls.
3. Capacity and competencies (7 questions) – covers the capacity of central bank and central treasury staff to manage the TSA operations and interbank payment systems, respectively.
4. Information security controls (14 questions) – covers the information security controls actively used in central treasury and central bank information systems, such as authentication and authorization, data security and integrity, network and web application firewalls, physical security, backup, and storage.
5. Oversight mechanisms (8 questions) – covers the regularity in review of central treasury and central bank by internal audit, external audit, and peer auditors.

Additional information can be provided in the “Comments” column of the questionnaire to facilitate better understanding.

### 6. Benchmarking system

Scoring. A simple rating scale (0 to 4) is used for all questions/statements, and the total score is converted into a grade (0 to 100) as an indication of the country's performance in TSA operations/payment systems. The grades are used to indicate the overall performance based on the total score after conversion (expressed as percentage, corresponding to very weak, weak, average, good, excellent).

### 7. Linkage to PEFA framework

The toolkit covers aspects related to PEFA performance indicators from the TSA system perspective: payroll controls (PI-23), internal controls on non-salary expenditure (PI-25), internal audit (PI-26), and financial data integrity (PI-27).

### 8. Complementarity with PEFA framework

The toolkit measures the current status of TSA operations and tries to identify gaps in the operations. The toolkit has a detailed emphasis on the ICT environment and regulatory framework of TSA operations.





## Development and use

### 9. Development and coordination

The toolkit was developed by the WB in 2012 in response to a request from the Public Sector and Institutional Reform Cluster of the Europe and Central Asia (ECA) region for the assessment of Treasury Single Account (TSA) operations in a country in the region.

The toolkit was shared with several government officials, and with project teams for field testing and to benefit from additional feedback. The comments provided by various stakeholders were incorporated into the revised version of the toolkit in 2014. The revised version of the toolkit (Version 2.1) was published in February 2017. The toolkit is currently available as a reference document for the teams involved in TSA interface design or modernization.

A consultation process with the IMF, US Treasury, and development partners took place before the launch of the latest version of the toolkit (Version 2.1).

Joint assessments were performed with the participation of the WB teams and government counterparts.

### 10. Assessment management

TSA preconditions are summarized as part of the toolkit to provide an overview of the current status of TSA. Several clarifications can be requested from the country officials through a questionnaire in the toolkit during or before the assessment, to verify the existence of reliable TSA operations and interbank systems. The suggested approach to manage the assessment is as follows:

1. Identify team members and designate team leaders from the Ministry of Finance/Treasury and the Central Bank.
2. Review the functional and technical requirements of the TSA interface and operations, outlined in the existing FMIS contract, if applicable.
3. Organize a kick-off meeting with the two teams (Central Bank and Central Treasury) to explain the process, questionnaire, and expected results. Prepare a work plan to perform the assessment and organize the necessary meetings.
4. Collect the necessary information and evidence through interactions with related officials/units. Fill in the questionnaire providing ratings based on the evidence.
5. Organize a workshop with the participation of all stakeholders involved in the rapid assessment to discuss the findings and recommendations.
6. On completion of the review process by going through all 65 questions, a TSA Rapid Assessment Report can be prepared based on the template attached in Annex 2 of the toolkit.

Custodian quality assurance procedures apply. Quality assurance is provided by the WB staff when the assessment is done jointly by the WB and country officials. The findings may be discussed again and validated during the workshop at the end of the assessment.

## Development and use



### 11. Uses by the government and members of the PFM community

The TSA toolkit is used by government officials (mainly the Ministry of Finance and the Central Bank) in assessing the current status of TSA interface, and in identifying possible improvements in related practices/processes, regulations, information security, and payment systems. Results of some of the TSA rapid assessments were used to make informed decisions on FMIS design or TSA interface development.

### 12. Sequencing with other tools

Not applicable. TSA is a very specialized tool designed to inform decisions for the development or improvement of TSA interface between FMIS and Central Bank. It is not possible to link this tool with a broader diagnostic framework or TDT (B20).

### 13. PFM capacity building

A workshop is recommended to be organized with the participation of all stakeholders involved in the rapid assessment to discuss the findings and recommendations. Alongside discussion on technical aspects and safeguards, capacity-building needs are also identified through the questions in capacity and competencies section of the questionnaire. In some projects, these assessments complemented the FMIS modernization activities and capacity building.

### 14. Tracking of changes and frequency of assessments

Changes are not tracked. The tool is intended to assess the current state of TSA interface operations. There is no recommended frequency for the application of the tool. The toolkit can be used when TSA infrastructure is being established as a part of FMIS implementation.

### 15. Resource requirements

Assessment cost is less than US\$15,000. The time needed is one week for a joint assessment led by the WB with key TSA stakeholders - usually the Central Treasury and the Central Bank.

## Transparency



### 16. Access to methodology

Methodology is [available](#). No additional user guidance is available. The toolkit document details the TSA principles and TSA preconditions and provides guidance on ratings. The toolkit is available in five languages (English, French, Spanish, Arabic, and Vietnamese) and accessible through the external [FMIS web page](#).

### 17. Access to assessment results

The reports are not available publicly.

# Report on the Enhancement of Public Sector Financial Reporting Toolkit (REPF) - World Bank



## Objective and features

### 1. Objective

REPF aims to assess the gap between the country's public sector accounting standards and International Public Sector Accounting Standards (IPSAS), the recognized international benchmark standard for public sector accounting.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

Technical coverage includes the following:

1. Assessment of the public sector accounting environment measures academic education, professional education, training of accountants, budget system, audit, monitoring and enforcement, quality and availability of financial reporting, staff levels, and information technology present in the accounting environment.
2. Assessment of accounting standards as designed and as applied in practice.
3. Assessment of the potential value of adopting IPSAS concepts and standards that are not yet in national standards to measure gaps in accounting between IPSAS and national standards.

### 4. Application method

Self-assessment, self-assessment with validation by external partners/custodian, full assessment by external partners/custodian.



## Methodology

### 5. Methodology

The REPF assessment is structured in four parts:

- Part 1: Assessment of the public sector accounting environment – This part comprises a questionnaire consisting of 109 questions. This questionnaire is a mix of descriptive questions, matrices to be filled in, and yes/no questions.
- Part 2: Assessment of accounting standards as designed – Section 1 of part 2 consists of 605 questions for countries using accrual-based accounting and Section 2 consists of 44 questions for countries using cash-based accounting for which there are yes/no and options-based questions.
- Part 3: Assessment of accounting standards as applied in practice on the basis of samples review of financial statements following results in part 2.
- Part 4: Assessment of the potential value of adopting IPSAS concepts and standards that are not yet in the national standards, supported by 14 questions.

Based on the gathered information, experts prepare a descriptive analysis of the country's PFM system.

### 6. Benchmarking system

REPF is a qualitative benchmarking assessment. Based on the questionnaire, the extent of national alignment with IPSAS is indicated. There are four levels of alignment:

1. No alignment
2. National standards/regulation observed, but no alignment with IPSAS
3. Cash-basis IPSAS or national standards based on cash-basis IPSAS observed
4. Accrual-basis IPSAS or national standards based on accrual-basis IPSAS observed.

### 7. Linkage to PEFA framework

REPF can be linked to aspects related to a PEFA performance indicator - annual financial reports (PI-29), specifically to accounting standards (PI-29.3).

### 8. Complementarity with PEFA framework

The REPF assessment provides more detailed insights on national alignment with IPSAS.



## Development and use

### 9. Development and coordination

REPF was developed in 2015 by WB's Europe and Central Asia (ECA) region under the Public Sector Accounting and Reporting (PULSAR) program to promote improvements in public sector financial management. PULSAR is a regional and country-level program targeting the Western Balkans and the EU Eastern Partnership countries to support the development of public sector accounting and financial reporting frameworks in line with international standards and good practices.

WB and IMF undertook ROSC assessments, with 12 modules including auditing and accounting that focus on corporate financial reporting for listed companies. REPF was developed to fill a gap and lack of similar assessment tools in public sector accounting. Some of the tools referred to during the development of the REPF were Accounting and Auditing: Report on Observance of Standards and Codes (D14), PEFA (AO1), and Country Financial Accountability Assessments (discontinued).

REPF was revised in 2019 mainly due to the update in IPSAS standards. Cash-basis accounting for financial reporting was also included in the revision of the tool in 2019. REPF is to be updated whenever there is an update to the IPSAS standards.

### 10. Assessment management

A full REPF toolkit comprises four parts. It is possible to choose to apply only those parts of the REPF that are most relevant to national needs and circumstances. After identifying the team (experts, country counterparts, academicians) for conducting REPF assessment, data is gathered by examining publicly available information (or documents that can be gathered through a request from the government or from any relevant website) and meetings are held with stakeholders to discuss the assessment findings. Based on the findings, final recommendations are provided.

Custodian quality assurance procedures apply. At each stage of the assessment, there is quality assurance by international experts. A peer review process is in place, including decision meetings and managerial review of assessment outputs.

### 11. Uses by the government and members of the PFM community

REPF assessment findings are used by governments, multilateral and bilateral institutions, and other donors for an informed decision-making on the use of country systems to provide financial assistance. Development partners (e.g., SECO, Austrian Federal MOF) use the assessment findings that may lead to technical assistance programs in coordination with other development partners.

### 12. Sequencing with other tools

The REPF approach recognizes that other assessments may serve to inform an understanding of a country's public sector accounting environment or the gap between its public sector accounting standards and IPSAS.

### 13. PFM capacity building

Capacity-building initiatives depend on the country. The assessment findings could be included in the country's PFM reform strategy. Donors may offer technical/financial assistance to implement REPF recommendations. The implementation plan is not included in the REPF report. Governments interested in reforms based on the findings from the REPF assessment can refer to the guidelines on how to prepare the roadmap for public sector accounting reforms published on PULSAR website. The REPF team would extend the required support to develop the roadmap.



## Development and use

### 14. Tracking of changes and frequency of assessments

Recommendations of past assessments may be reviewed during an ongoing assessment. Repeat assessments may not apply the option of tracking of changes unless there is evidence of implementation of findings from the past assessment. There is no specific frequency to conduct the assessment. So far, the assessment has been conducted only once in any country.

### 15. Resource requirements

Cost and time taken for the assessment are dependent on:

1. the availability of information (publicly available information or information that can be requested from the government);
2. stakeholder consultations for gathering relevant inputs and evaluating government buy-ins on assessment findings; and
3. the need for translation.

It takes at least four months to conduct an REPF assessment, which includes several phases in the assessment cycle such as gathering of information, review of the assessment, and acceptance process, among others. An assessment team consists of a minimum of four members, including international experts with full understanding of IPSAS, local counterparts with understanding of country-specific organizations, and academicians. The REPF team extends the required support when needed.



## Transparency

### 16. Access to methodology

Methodology is [available](#). Additional information is [available](#) from the PULSAR program web page.

### 17. Access to assessment results

Some of the REPF reports are publicly available.

# International Public Sector Financial Accountability Index - International Federation of Accountants and Chartered Institute of Public Finance and Accountancy



## Objective and features

### 1. Objective

The index aims to actively track and promote the adoption of accrual-based accounting by governments across the globe.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The dimensions covered by the framework are

1. treasury and cash management,
2. accounting and reporting, and
3. budget management.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The International Public Sector Financial Accountability Index is a multi-country index rather than a detailed individual country assessment tool. The index collects, verifies, and analyzes current financial reporting and budgeting frameworks used by governments around the world, as well as documents future reform plans. Based on this data, it lists the countries according to their current practices. In particular, the index captures the difference of countries that have not only adopted accrual-based accounting but have also implemented it. This distinction is checked through the country's financial statements. For each country, the custodian publishes a data sheet of current financial reporting basis, current financial reporting framework, 2023 projected financial reporting basis, 2023 projected financial reporting framework, and link to the most recent published financial statements.

### 6. Benchmarking system

Each country is classified according to its status of adopting accrual-based accounting: (1) accrual, (2) cash transitioning to accrual, (3) cash, and (4) no data.

### 7. Linkage to PEFA framework

The index can be linked to aspects related to a PEFA performance indicator: annual financial reports (PI-29), specifically to accounting standards (PI-29.3).

### 8. Complementarity with PEFA framework

This tool focuses on the adoption of accrual-based accounting by countries and provides further information on accounting standards.

## Development and use



### 9. Development and coordination

The index was developed jointly by the International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA), with the Zurich University of Applied Sciences as a knowledge partner. It was launched in 2017 along with the publication of its first data.

### 10. Assessment management

The updating of the index is envisaged to occur about every two years, but this timeframe may change as the tool is updated in the future. IFAC and CIPFA manage the updating of the index and the assessment by collecting and analyzing public country-level data. IFAC and CIPFA compile the index independently from the countries using publicly available data. Overall quality assurance for this tool is mostly delivered through validating the data index by CIPFA and having this work reviewed by an external consultant.

### 11. Uses by the government and members of the PFM community

IFAC and CIPFA use the index to evaluate and track governments that use accrual-based accounting and to encourage those governments that do not use accrual-based accounting to adopt it.

### 12. Sequencing with other tools

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### 13. PFM capacity building

While status reports include high-level recommendations and advice on how countries could start the process of adopting accrual accounting methods, they neither include other types of country-specific recommendations nor contribute to capacity-building initiatives.

### 14. Tracking of changes and frequency of assessments

One of the index's primary purposes is to track progress over time. A status report update was published in 2018 which outlines the most recent status of countries and the index's methodology, goals, and future. This data serves as a direct input into how countries are classified in the index.

The plan is to update the index biannually. However, there is no timeframe set, and this may change as updates are made in the future.

### 15. Resource requirements

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## Transparency



### 16. Access to methodology

The custodian website provides the methodology used to classify countries along with files of all the data used. The index does not directly publish user guides for countries related to its evaluation.

### 17. Access to assessment results

There are no detailed country assessments but there is a status [report](#) providing a high-level overview of all countries' status in the Index.



# Financial Management Model (FMM) - Chartered Institute of Public Finance and Accountancy



## Objective and features

### 1. Objective

FMM aims to help public bodies transform and improve their financial performance in the following key areas:

- Making sound decisions and ensuring accountability
- Improving understanding of finances
- Enabling businesses of all kinds to manage their risks
- Assessing total financial management capability
- Providing the finance function with focus
- Assessing organizational financial management resilience and capability
- Identifying efficiency gains by accurately pinpointing weaknesses and confirming strengths.

### 2. Institutional coverage

Individual institutions at national, subnational, and local government level.

### 3. Technical coverage

Technical coverage of the framework includes

1. fiscal framework and policy,
2. revenue management and tax administration, and
3. accounting and reporting.

### 4. Application method

Self-assessment with optional consultancy support from the custodian.



## Methodology

### 5. Methodology

FMM is based on 30 statements of best practice, each describing the characteristics of good financial management for public service organizations. These statements are organized into categories of people, processes, leadership, and stakeholders. Each of these statements is supported by a series of up to 18 questions that explain the scope of the statement and help with the assessment.

FMM allows the organization in question to both identify weaknesses and confirm its strengths while helping to develop and put in place a target-driven plan to closely monitor the progress made. It is structured around three styles of financial management:

- Securing stewardship – an emphasis on control, probity, meeting regulatory requirements, and accountability.
- Supporting performance – responsive to customers, efficient and effective, and with a commitment to improving performance.
- Enabling transformation – strategic and customer led, future orientated, proactive in managing change and risk, outcome focused, and receptive to new ideas.

Using the FMM involves scoring the good practice statements in the model and answering linked questions for each statement. The questions explore whether there are relevant groundwork policies and practices in place, whether they are deployed consistently and effectively, whether they influence or impact the organization's behavior or results, and whether they deliver the required outcome. FMM is an online diagnostic tool.

### 6. Benchmarking system

A scoring system is used. For each of the 30 statements, a judgment is expressed as a score from 0 to 4, based on how far the statement of good practice is matched (4 being the highest, and 0 the lowest). The linked questions provide a checklist for assessing where the organization meets good practice, wholly or partly, or where the gaps are. Based on the statement scores, the model produces an organization star rating from 0 to 5 (5 being the highest, and 0 the lowest).

### 7. Linkage to PEFA framework

The tool covers aspects related to the following PEFA performance indicators: government operations outside financial reports (PI-6), performance information for service delivery (PI-8), and fiscal risk reporting (PI-10).

### 8. Complementarity with PEFA framework

The tool provides more detailed insights into areas of financial management and performance of individual public organizations.



## Development and use

### 9. Development and coordination

The tool was introduced in 2004 to help leadership teams in public organizations see how the financial systems are working based on both internal and external evidence. CIPFA has progressively updated the financial management model to ensure the statements remain relevant, having most recently done so in 2017, in the fourth iteration of the model. The tool started by covering local government before expanding to smaller government bodies (e.g., health boards) and then central government (e.g., Her Majesty's Treasury).

### 10. Assessment management

The custodian maintains a database of 400 organizations where the assessment has been done previously. The custodian complements this with training courses, assessments by accredited personnel, and a rigid sign-off process for final scores.

Further detailed information and guidance, such as a roadmap toward improvement, is provided by the custodian during the assessment. The custodian offers consultancy support for applying the model. Licensing arrangements for self-assessment are no longer available.

### 11. Uses by the government and members of the PFM community

Government agencies and local government bodies use FMM to develop plans to improve financial performance.

### 12. Sequencing with other tools

This tool is specific to public organizations and does not assess country-level performance. There is no sequencing with other tools in practice.

### 13. PFM capacity building

The model's scoring system identifies strengths and weaknesses that CIPFA uses to develop a roadmap for improved performance within a one-year horizon.

### 14. Tracking of changes and frequency of assessments

Each organization is responsible for tracking of changes. Organizations are provided with a one-year roadmap to improve their performance so they can track progress on that basis. Assessments are conducted at the request of the relevant organization with the frequency being discretionary. Any follow-up assessments would need to be requested from CIPFA.

### 15. Resource requirements

The custodian charges for consultancy support in the application of the model. The cost per assessment ranges from £30,000 to £50,000. The assessment takes 30 to 50 days to complete depending on the organization undertaking the assessment.

## Transparency



### 16. Access to methodology

General information on the tool is [available](#). The custodian provides a [brochure](#) but it does not provide a publicly available and detailed user guide for the model.

### 17. Access to assessment results

There is a non-public databank, which outlines the 400 organizations where the assessment has previously been done. CIPFA has reports on FMM assessment on most of the UK central government departments and large local authorities. Select case studies on the FMM are available from the Home ([cipfa.org](http://cipfa.org)).

# Internal Audit Capability Model (IA-CM) - Institute of Internal Auditors



## Objective and features

### 1. Objective

IA-CM enables a public sector organization to:

- determine its internal audit requirements according to the nature, complexity, and associated risks of its operations;
- assess its existing internal audit capabilities against the requirements it has determined; and
- identify any significant gaps between those requirements and its existing internal audit capabilities and work toward developing the appropriate level of internal audit capability.

### 2. Institutional coverage

Institutions at national and subnational government levels.

### 3. Technical coverage

IA-CM provides a matrix covering the following key areas of capability:

1. Services and role of internal audit
2. People management
3. Professional practices
4. Performance management and accountability
5. Organizational relationships and culture
6. Governance structure.

### 4. Application method

Self-assessment.



## Methodology

### 5. Methodology

IA-CM is a framework for strengthening or enhancing internal auditing through small evolutionary steps. These steps are organized into five progressive capability levels. The model showcases how an internal audit activity can evolve as it defines, implements, measures, controls, and improves its processes and practices.

Each capability level consists of key process areas (KPAs) outlined in the technical coverage section above. KPAs are the main building blocks that determine the capability level achieved. A KPA identifies a cluster of related activities that, when performed collectively, achieve a purpose and produce immediate outputs and longer-term outcomes. The KPA is mastered when it is implemented in an effective and lasting way.

After mastering all the KPAs associated with a capability level and ensuring that these key processes are institutionalized within the internal audit activity, a given capability level is achieved. Finally, the capability levels help determine the internal audit requirements according to the nature, complexity, and associated risks of the organization's operations and help identify the appropriate level of internal audit capability needed by an organization.

The IA-CM model is graphically depicted as a one-page matrix. The vertical axis represents the maturity levels - with the capability of the internal audit activity increasing from bottom to top. The elements of internal auditing are presented on the horizontal axis. The KPAs for each level of each element is identified in the relevant boxes for the appropriate level. Based on these, the matrix depicts the extent or influence that the internal audit activity has over the elements.

### 6. Benchmarking system

IA-CM attempts to match the nature and complexity of the organization with the internal audit capabilities needed to support it. There are five levels of capability:

1. Initial – no sustainable, repeatable capabilities; dependent upon individual effort.
2. Infrastructure – sustainable and repeatable internal audit practices and procedures.
3. Integrated – internal audit management and professional practices uniformly applied.
4. Managed – internal audit integrates information from across the organization to improve governance and risk management.
5. Optimizing – internal audit learning from inside and outside the organization for continuous improvement.

### 7. Linkage to PEFA framework

IA-CM explores in further details the PEFA performance indicator on internal audit (PI-26).

### 8. Complementarity with PEFA framework

This tool provides a detailed analysis of the underlying issues where weaknesses have been identified in the public sector internal audit function. An IA-CM assessment of a public sector internal audit function can provide an important input to internal audit (PI-26) of a PEFA assessment.



## Development and use

### 9. Development and coordination

In 2004, the Public Sector Committee (PSC) of the IIA recommended developing the IA-CM to reinforce the importance of internal auditing in public sector governance and accountability. It recognized that internal auditing could vary significantly from country to country because of differences in management practices, processes, and culture of a government. The PSC identified the need for a universal model that public sector internal audit activities could use as a self-assessment and development tool to assess their progress and determine training and capacity-building needs. Extensive consultation and interaction took place with internal audit professionals, key stakeholders, and communities of interest, including senior management, audit committee members, and supreme audit institutions, as well as relevant service providers. In September 2006, the Institute of Internal Auditors Research Foundation (IIARF) approved the project to develop an IA-CM to be used globally to help evolve public sector internal auditing by strengthening its capacity and improving its effectiveness. The IA-CM tool was developed in two phases from 2006 to 2009. Inputs from various local internal audit institutes and IIA's international committees were used during tool development.

### 10. Assessment management

The steps for conducting the assessment are as follows:

- Understand the IA-CM.
- Identify the KPAs that have been institutionalized by the internal audit activity.
- Obtain and review relevant documentation on the internal audit activity.
- Obtain and review relevant documentation on the organization and the external environment of the internal audit activity.
- Interview senior managers and other key stakeholders.
- Confirm which KPAs have been institutionalized within the internal audit activity and determine the capability level.
- Communicate results.

No quality assurance arrangements are built into the tool methodology, and they depend on the institution carrying out the assessment.

### 11. Uses by the government and members of the PFM community

In addition to being used as a self-assessment and continuous improvement model for internal audit activities, the tool can be used by senior management and legislators to evaluate the need for and the type of internal audit activity appropriate to their organizations or jurisdictions. This model could also be used by national, regional, and local legislative auditors as a source of benchmarks. They could report to legislators on the extent to which any given public sector internal audit activity has reached maturity in terms of governance, policy and practices framework, organization and structure, resources, and services.

### 12. Sequencing with other tools

The IA-CM assessment may use the findings from an Institutional Capacity Building Framework (B27) assessment and hence can be conducted after that assessment.

### 13. PFM capacity building

The model establishes gaps in internal audit capabilities, describes how an internal audit activity can be improved at that level, and suggests a road map for improvement to the next level.

### 14. Tracking of changes and frequency of assessments

Changes can be tracked to see whether there are any improvements in processes and practices at each stage that provide the foundation to progress to the next capability level. There is no predefined assessment frequency.

### 15. Resource requirements

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## Transparency



### 16. Access to methodology

Methodology is available for a charge at the IIA website.

### 17. Access to assessment results

A repository of reports and database of assessments is not available.

# Supreme Audit Institutions Performance Measurement Framework (SAI PMF) - International Organization of Supreme Audit Institutions



## Objective and features

### 1. Objective

SAI PMF aims to provide supreme audit institutions (SAIs) and other stakeholders with a framework for assessing SAI performance against the International Standards for Supreme Audit Institutions (ISSAIs) and other established international good practices. SAI PMF is not a tool for comparing performance among SAIs.

### 2. Institutional coverage

Supreme audit institutions.

### 3. Technical coverage

SAI PMF measures SAI performance against ISSAIs and international good practices in six domains:

- A. Independence and Legal Framework
- B. Internal Governance and Ethics
- C. Audit Quality and Reporting
- D. Financial Management, Assets and Support Structures
- E. Human Resources and Training
- F. Communication and Stakeholder Management.

### 4. Application method

Self-assessment, peer assessment, or by any external entity, or a combination (e.g., a self-assessment with an external facilitator).



## Methodology

### 5. Methodology

A set of 25 indicators (of two to four dimensions each) for measuring SAI performance against ISSAIs and international good practices are present in six domains:

- A. Independence and Legal Framework – comprises independence of the SAI, mandate of the SAI, strategic planning cycle, organizational control environment, outsourced audits, and leadership and internal communication.
- B. Internal Governance and Ethics – comprises strategic planning cycle, organizational control environment, outsourced audits, leadership and internal communication, and overall audit planning.
- C. Audit Quality and Reporting – comprises overall audit coverage, financial audit standards and quality management, financial audit process, financial audit results, performance audit standards and quality management, performance audit process, performance audit results, compliance audit standards and quality management, compliance audit process, and compliance audit results.
- D. Financial Management, Assets and Support Structures – comprises jurisdictional control standards and quality management, jurisdictional control process, results of jurisdictional controls, financial management, assets and support services, and internal governance and ethics.
- E. Human Resources and Training – comprises human resource management; professional development and training; and communication with the legislature, the judiciary, and the executive.
- F. Communication and Stakeholder Management – comprises communication with media, citizens, and civil society organizations.

Each dimension has various criteria as a basis for evaluating SAI performance. The assessment team identifies whether the criteria is met based on the evidence collected. The source of the evidence is provided in the Excel sheet to be filled in. An explanation of the reason behind the criteria evaluation is also given by the assessment team, thus making the assessment both qualitative and quantitative. Scoring of each dimension is given according to the relative importance of the criteria listed. In the context of INTOSAI standards, ISSAI compliance assessment tools may be considered.



## Methodology

### 6. Benchmarking system

Scoring of each dimension follows a set score formula, developed according to the relative importance of the criteria listed. Indicators and dimensions are scored using a numerical scale from 0 to 4, where 0 is the lowest level, and 4 is the highest. Scores broadly correspond to the level of development in the area measured by the indicator in keeping with the practices of INTOSAI capability models.

- Score 0: The feature is not established or barely functions.
- Score 1: The founding level.
- Score 2: The development level.
- Score 3: The established level.
- Score 4: The managed level.

### 7. Linkage to PEFA framework

The following aspects of the PEFA assessment are covered, but this list is not exhaustive: public procurement (PI-24), internal audit (PI-26), annual financial reports (PI-29), external audit (PI-30), and legislative scrutiny of external audit reports (PI-31).

### 8. Complementarity with PEFA framework

SAI PMF assessment can assist with the development of a reform program where a PEFA assessment has found weaknesses in this area. Where an SAI PMF assessment is already performed, it would provide the necessary input to PI-30 (external audit) of a PEFA assessment.



## Development and use

### 9. Development and coordination

SAI PMF was developed by the INTOSAI Working Group on the Value and Benefits of SAIs (WGVBS) following a decision at the INTOSAI Congress in South Africa in 2010. Prior to the SAI PMF Task Team deciding to develop a new tool for assessing the performance of SAIs, the INTOSAI-Donor Secretariat conducted a mapping of existing tools used within the INTOSAI and donor communities to assess the performance of SAIs. Some of the tools mapped include Institutional Capacity Building Framework (B26), quality assurance review, SAI maturity model, PEFA (AO1), and Public Expenditure Review (AO7). The mapping exercise showed that none of the existing tools has met all the defined requirements to serve the needs of different stakeholders. The main recommendation from the mapping report was to develop a new SAI performance measurement tool, with the aim of meeting as many of the requirements as possible, building on the existing tools. IADB also played a major role in the development process.

The 2016 version was subject to extensive consultation and testing through more than 20 pilot assessments, and several official rounds of consultation. Endorsed at the INTOSAI Congress in Abu Dhabi in 2016, this version reflects experiences from the pilot version (from July 2013) involving numerous stakeholders over 2013–2015.

To strengthen the development and implementation of SAI PMF, an SAI PMF Independent Advisory Group (IAG) of volunteer donors, SAIs, and INTOSAI bodies was established. The IAG provides strategic advice and recommendations to support the Capacity Building Committee and the SAI PMF Task Team in their efforts to continuously develop and implement the SAI PMF strategy. It is also tasked with ensuring continued and appropriate donor engagement in SAI PMF.





## Development and use

### 10. Assessment management

The steps involved in conducting the assessment are as follows:

- Decision to conduct the assessment is taken by the head of the SAI.
- The planning phase consists of the preparation of terms of reference for the assignment, and training and awareness-raising for the assessment team. Assessment purpose and approach are decided, and assessment scope is defined.
- During the field work stage, evidence is collected and indicators are scored.
- A detailed assessment report is prepared.
- An independent review is conducted.
- Results are shared with the SAI.

During the assessment, the team leader reviews the working papers and the work of the team, and supervises and monitors the progress of the assessment. A check on the factual correctness of the report is conducted by one or two staff from the SAI who were not part of the assessment team.

It is strongly recommended that all SAI PMF reports are subject to an independent review of the report's adherence to SAI PMF methodology by a certified external and independent reviewer. The INTOSAI Development Institute offers to conduct, or arrange other SAI PMF experts to conduct, independent reviews of all SAI PMF assessments to ensure adherence to the SAI PMF methodology.

### 11. Uses by the government and members of the PFM community

SAI PMF is used by developing countries as a source of credible and accurate information on the performance of SAIs.

It is a comprehensive, evidence-based assessment tool that examines holistically both the audit and non-audit functions of the SAI in relation to its legal foundation and environment. It identifies the root causes of SAI performance, strengths, and weaknesses.

### 12. Sequencing with other tools

While the domains and topics covered by the Institutional Capacity Building Framework are comparable to SAI PMF, the methodology and assessment management serve different purposes.

### 13. PFM capacity building

SAIs coordinate the timing of SAI PMF assessments to be used as basis for strategic and capacity development planning. SAIs take ownership of their own capacity development. Based on SAI PMF findings, SAIs decide upon capacity building considering their external stakeholder environment.

### 14. Tracking of changes and frequency of assessments

For repeat assessments, changes in dimension and indicator scores and explanations of these will be apparent from the reporting on the indicator-led analysis. It records the scoring and a brief explanation from the previous assessment, a note on performance change, and other factors to be considered when comparing the indicator scores over time.

SAI PMF assessment is recommended to be done at the end of each strategic planning cycle, or as a midterm review in case of strategic planning cycles of seven to ten years. Some dimensions or indicators can be applied for annual performance monitoring or as a standalone assessment of performance.

### 15. Resource requirements

The assessment cost varies with respect to the assessment method - self-assessment, peer assessment, or hybrid assessment (self and peer). Typical cost items include size and complexity of the SAI, staff costs, developing and translating guidance material, the roll-out of training courses and workshops, financing awareness-raising, and funding independent reviews conducted by consultants.

The recommended size of the assessment team is three to five assessors. The time and resources required for the assessment are context-specific.

However, in some cases, the person days required are 70 to 80 days. The time required is about 12 to 20 weeks.

## Transparency



### 16. Access to methodology

Methodology is [available](#). Detailed information about the toolkit is [available](#).

### 17. Access to assessment results

Twenty percent of the reports have been published (according to INTOSAI Development Institute website). SAI PMF promotes publication of reports and encourages transparency. As the SAI PMF is a voluntary assessment and the performance report is SAI's property, it is the choice of the SAI alone whether to publish the report or not, even if the assessment has been funded externally.



# Institutional Capacity Building Framework (ICBF) - African Organization of Supreme Audit Institutions – English speaking



## Objective and features

### 1. Objective

ICBF aims to

- identify areas of improvement in SAIs and how these can be achieved with an institutional perspective (capacity building);
- enable SAI benchmarking with other SAIs among the African Organization of Supreme Audit Institutions – English speaking (AFROSAI-E) members for common vocabulary and thinking (strategic and others); and
- serve as a basis for planning, development of manuals and guidelines, workshops, and monitoring and evaluation at the AFROSAI-E Secretariat.

### 2. Institutional coverage

Supreme audit institutions (SAIs).

### 3. Technical coverage

Technical coverage of ICBF comprises five domains:

1. Independence and Legal Framework
2. Organization and Management
3. Human Resources
4. Audit Standards and Methodology
5. Communication and Stakeholder Management.

### 4. Application method

Self-assessment.



## Methodology

### 5. Methodology

The five levels in ICBF are more thoroughly defined by the indicators or the elements in the five domains.

1. Independence and Legal Framework – independence of an SAI as formulated in the Lima Declaration (ISSAI 1) and the Mexico Declaration (ISSAI 10).
2. Organization and Management – organizational planning processes and their implementation.
3. Human Resources – development and implementation of HR strategies, interventions, plans, policies and processes, and the employee life cycle.
4. Audit Standards and Methodology – audit process from planning to reporting stage in accordance with ISSAIs.
5. Communication and Stakeholder Management – internal and external communication at the SAI (parliament, Public Accounts Committee, judiciary, media, and citizens).

### 6. Benchmarking system

Scoring. The elements in the framework are generic, which means that they are the same for all the five levels. Indicators have therefore been developed to assist the SAI to position them in the ICBF. The five levels of the assessment and their respective indicators based on the questionnaire are rated from Level 1 to Level 5:

- Level 1 – The Founding Level: There are neither any plans nor activities to change the situation.
- Level 2 – The Development Level: Plans are prepared, or its content developed. However, what is developed is not implemented.
- Level 3 – The Established Level: The plans prepared or the content developed under level 2 are being implemented. Implementation is done or partially done, but improvement is needed.
- Level 4 – The Managed Level: Both the staff and the top management, and the key stakeholders are fully satisfied with the implementation.
- Level 5 – The Optimized Level: SAI can scan the environment and position itself to use resources in the most proactive and value-adding way.

### 7. Linkage to PEFA framework

ICBF is closely linked to PEFA performance indicator on external audit (PI-30).

### 8. Complementarity with PEFA framework

ICBF provides a more detailed framework for assessing the capability of public external audit. It can be used as the basis for developing an appropriate strategic plan for the SAI, especially where a PEFA assessment has found this to be a weak area.



## Development and use

### 9. Development and coordination

ICBF (originally known as Audit Capability Model) was developed by AFROSAI-E for its members and auditors-general in English and Portuguese speaking countries of Sub-Saharan Africa. The AFROSAI-E Board adopted at its annual meeting in 2006 an institutional capacity-building framework as a basis for the development and the strategic planning of the regional organization. The framework has its roots in a capability model developed in 2001 and updated in 2005. The ICBF has been developed for diagnostic or assessment purposes and as a guideline to building SAI's capacity.

The AFROSAI-E Cooperate plan, strategic plans developed by individual SAIs, the AFROSAI-E Financial and Compliance Audit Manual, the AFROSAI-E Performance Audit Manual, the AFROSAI-E Quality Assurance Handbook, the Annual State of the Region Report, and the Management Development Program are all examples of documents that have been developed based on the framework.

### 10. Assessment management

Data is gathered by the member country SAI. To monitor the establishment of quality control management systems by member SAIs, the average scores of selected questions are analyzed. These questions cover the different aspects of quality, addressing both institutional and individual audit disciplines such as financial, compliance, performance, and IT auditing. There is an internal quality assurance system of the self-assessing SAI as well as review/discussion with AFROSAI-E Secretariat and other members. During the three yearly quality assurance assessment, AFROSAI-E examines the degree of correlation with findings from the self-assessment. Special quality officers are appointed to check instances of over scoring.

### 11. Uses by the government and members of the PFM community

ICBF is primarily used to see how the SAI can improve its results or performance and thereby its position in relation to its counterparts in the AFROSAI-E community. The results based on ICBF can be used for benchmarking with other SAIs or for reporting and providing information to key stakeholders.

### 12. Sequencing with other tools

While the domains and topics covered by ICBF are comparable to SAI PMF (B25), the methodology and assessment management serve different purposes.

### 13. PFM capacity building

Capacity-building function is a part of the framework. AFROSAI-E signs a memorandum of understanding with SAI to work on focus areas identified during the assessment. Workshops are conducted for the SAI. The independent quality assurance assessment conducted by AFROSAI-E once in three years focuses on various measures to improve the existing capacities of the SAI.

### 14. Tracking of changes and frequency of assessments

Reports are compared with the previous year's reports by the assessment team, either for quality purposes or for any developments or movements. Any changes in the self-assessment are also tracked during independent quality assurance assessment. Self-assessment by the SAI is annual, while the independent quality assurance assessment by AFROSAI-E is performed every three years.

### 15. Resource requirements

The training workshops cost about US\$30,000. Since 2021, training has been held online at a minimal cost. Costs for quality assurance assessment, depending on the team size (five to eight members), is about US\$10,000 to US\$40,000. The quality assurance focuses on five domains and requires a multidisciplinary team of five to eight experts. The assessment process is completed in about six months. The report is then presented in the AFROSAI-E board meeting held in May.

## Transparency



### 16. Access to methodology

Methodology is [available](#).

### 17. Access to assessment results

Comparative assessment results are reported in the [Annual State of the Region Reports](#).

# Group C Tools

**FIDUCIARY  
TOOLS**

## GROUP C TOOLS: FIDUCIARY TOOLS

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CODE	NAME	CUSTODIAN	DEVELOPED
C01	<a href="#"><i>Financial Management Assessment (FMA)</i></a>	ADB	2015
C02	<a href="#"><i>Tool for Determining the Level of Development and Use of PFM Systems (GUS)</i></a>	IADB	2009
C03	<a href="#"><i>Assessment of financial management systems in bank-financed investment operations</i></a>	WB	2011
C04	<a href="#"><i>Fiduciary Risk Assessment (FRA)</i></a>	FCDO	2008
C05	<a href="#"><i>Guidelines for Risk Management (GRM)</i></a>	DANIDA	2013
C06	<a href="#"><i>PFM Risk Assessment Framework (PFMRAF)</i></a>	USAID	2010
C07	<a href="#"><i>Governance Risk Assessment in ADB operations (GRA)</i></a>	ADB	2006
C08	<a href="#"><i>Country and Sector Procurement Risk Assessment (CSPRA)</i></a>	ADB	2015
C09	<a href="#"><i>Program-for-Results Fiduciary System Assessment (FSA)</i></a>	WB	2017
C10	<a href="#"><i>European Commission Directorate General for Economic and Financial Affairs – Operational Assessment (ECFIN-OA)</i></a>	EU	1990s

**Note:** ADB = Asian Development Bank, DANIDA = Danish International Development Agency, EU = European Union, FCDO = Foreign, Commonwealth and Development Office, IADB = Inter-American Development Bank, USAID = United States Agency for International Development, WB = World Bank.

# Financial Management Assessment (FMA) - Asian Development Bank



## Objective and features

### 1. Objective

FMA aims to assess the capacity of executing and implementing agencies and their financial management systems to implement ADB-financed operations.

### 2. Institutional coverage

Project level, executing and implementing agency level at national and subnational level (in beneficiary country).

### 3. Technical coverage

FMA assesses the capacities of executing and implementing agencies and their systems for planning and budgeting, accounting, internal controls, reporting, cash and payments, and auditing.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

FMA consists of a questionnaire that covers the following areas:

- Fund flow arrangements
- Staffing
- Accounting policies and procedures – segregation of duties, budgeting systems, payments, cash and bank, safeguard over assets, other offices and implementing entities, contract management, and accounting
- Internal audit
- External audit – entity level and project level
- Reporting and monitoring
- Information systems.

Responses to each question under each section is given based on the evidence collected during the assessment. Part of the FMA approach entails striking a balance between the efficiency of the mitigation measure and the cost of implementing it. The assessment includes a risk mitigating matrix that determines how and when to mitigate the risks.

### 6. Benchmarking system

FMA identifies and assesses financial management and internal control risks, based on the degree of impact and the likelihood of occurrence using the following scale: High – likely to occur, high impact if risk occurs; Substantial – unlikely to occur, high impact if risk occurs; Moderate – likely to occur, low impact if risk occurs; Low – unlikely to occur, low impact if risk occurs.

FMA proposes risk mitigation and management strategies to address the identified risks: High – risk avoidance, mitigation, transfer recommended; Substantial – risk avoidance, mitigation, monitoring recommended; Moderate – risk monitoring recommended; Low – risk documentation and identification.

### 7. Linkage to PEFA framework

PEFA assessments are referred to as a source of information for FMA for relevant areas.

### 8. Complementarity with PEFA framework

FMA extends to identification of risk of fraud and corruption. FMA can be applied to individual institutions or to groups of institutions making up a sector.



## Development and use

### 9. Development and coordination

FMA has been developed to identify the risks within the executing and implementing agencies who are identified to implement the projects financed by ADB. The ADB team together with the executing and implementing agency identify the risks, agree on the mitigating actions, and support the agency in strengthening its financial management system.

The tool originated from WB's financial management arrangements, guidelines, and manual (2005). The Asian Development Bank, African Development Bank, and Inter-American Development Bank customized the scope of WB's financial management manual to develop their risk assessment framework.

In cofinancing arrangements, the lead financier is responsible for the financial due diligence. Reports and subsequent recommendations are shared with ADB.

### 10. Assessment management

An FMA is conducted after discussions with the executing and implementing agencies on the scope of the project. The following steps are followed in conducting an FMA:

1. Desk review of existing PFM assessments followed by an on-site mission.
2. Assessment of financial management systems and capacity of the executing and implementing agencies, including potential strengths and weaknesses and their usability in project implementation.
3. Risk assessment and preparation of a risk management plan.
4. Initial draft of the project's funds flow, accounting, reporting, control, and auditing arrangements.
5. Development of appropriate covenants to address and monitor the issues.

FMA is performed by the Regional Department project team, with support from consultants. In appropriate cases, the support of the Financial Management staff from the Procurement, Portfolio and Financial Management Department may be sought.

FMA is a dynamic assessment, and should be reviewed and updated regularly during implementation, particularly in reference to implementation of risk mitigation measures and capacity development initiatives.

Some of the external information resources referred to during the FMA are PEFA reports (Ao1), Report on Observance of Standards and Codes – Accounting and Auditing (D14), financial management capacity assessments by WB or other multilateral or bilateral development partners, country procurement assessment reports, reports on websites (such as Bloomberg, and Standard and Poor).

Custodian quality assurance procedures apply. There is an interdepartmental review process within ADB.

### 11. Uses by the government and members of the PFM community

FMA is an internal ADB tool which is mainly used to:

- identify risks in executing and implementing agencies' financial management systems and/or practices that may lead to non-achievement, or sub-optimal achievement of project outcomes and/or outputs;
- identify risks that could lead to the use of ADB resources for unintended purposes, whether due to leakage or inefficiency;
- develop a practical risk management plan to address financial management risks at the project level that may, otherwise, adversely affect the achievement of project development outcomes; and
- evaluate the adequacy of existing financial management arrangements for implementing ADB-supported projects, and if needed, propose modification and/or strengthening.

FMA constitutes one of the four components of ADB's requirements for financial due diligence in relation to sovereign investment projects.

### 12. Sequencing with other tools

A "D" rating in any of the PEFA (Ao1) indicator can trigger a risk assessment in that specific area. Inputs from the SAI PMF (B25) assessments are also used to identify areas that need to be strengthened.

### 13. PFM capacity building

Based on the results of the gap analysis, the issues are identified, and measures are taken to strengthen the capacity of PFM functions (such as accounting and auditing) at agency level.



## Development and use

### 14. Tracking of changes and frequency of assessments

Project teams should update the earlier FMA in the case of the second or subsequent tranches in a multitranche financing facility, or for second or subsequent loans to the same executing or implementing agency. If the assessment findings are categorized as high risk, the assessment is updated twice a year, and if it is categorized as medium risk, the FMA is updated once a year. The intensity of the mission during the update - site visit or desk review - is dependent on the risk identified during the initial FMA assessment. Even in the case of first-time executing or implementing agencies, diagnostic work performed by other development partners, if it is recent, may be updated. Each assessment update tracks the changes in the risk profile.

Performed before ADB's financing operation, FMA is agency-level, project-level type of assessment. FMA is to be conducted for all projects and for implementing agencies. During processing of the project, assessment is conducted, and risk is identified. Update of that risk assessment and mitigation measures is performed, that is, high risk requires a constant update at least twice a year while low risk requires an update every other year. There are other elements that influence the update of an assessment. Every year, ADB requires audited project and, when available, entity financial statements. Once these are submitted, and if those audits are qualified, then issues that trigger an increase in the risk are identified and, accordingly, the risk management plan is updated.

### 15. Resource requirements

An FMA cost can vary from US\$5,000 to US\$15,000. Factors that affect the cost of the assessment are complexity of the project, the number of executing and implementing agencies, and the number of experts needed to conduct the assessment. The time taken for an FMA depends on complexity, the number of implementing agencies, and the experience of implementing agencies in implementing externally funded projects. Processing of an FMA with medium complexity and two implementing agencies would take around three weeks.

Implementation support and monitoring and updating of the FMA could take three to five days every mission (desk review, site visit) depending on the capacity and performance of the implementing agency. The assessment requires an expert with prior experience in conducting FMAs and knowledge in financial discipline (with chartered accountancy or equivalent designation). Control and supervision of the FMA exercise rests with the ADB staff even though some of the work may be outsourced.

## Transparency



### 16. Access to methodology

ADB Technical Guidance Note on Financial Management Assessment is [available](#).

### 17. Access to assessment results

The FMAs conducted for all projects are available by querying for relevant search parameters on the [ADB website](#).



## Tool for Determining the Level of Development and Use of PFM Systems (GUS) - Inter-American Development Bank



### Objective and features

#### 1. Objective

GUS aims to measure the level of development against the five key pillars or subsystems of PFM systems in IADB member countries.

#### 2. Institutional coverage

National and subnational governments (IADB member countries).

#### 3. Technical coverage

GUS includes (1) fiscal framework and policy, (2) budget management, (3) expenditure management, (4) treasury and cash management, (5) revenue management and tax administration, (6) accounting and reporting, and (7) external audit and scrutiny.

#### 4. Application method

Custodian. While there have been some cases of self-assessment, this is not a standard practice.



### Methodology

#### 5. Methodology

GUS is made up of five pillars, namely, budget, treasury, accounting and reporting, internal audit, and external audit. These are divided into indicators and sub-indicators. The scope of GUS is defined at the start of each assessment and consequently can focus on a combination of the pillars based on the scope.

#### 6. Benchmarking system

Benchmarking with scoring system. Each indicator and sub-indicator are scored from 0 to 3.

#### 7. Linkage to PEFA framework

Based on the pillars covered, GUS has linkages to almost all aspects of the PEFA framework.

#### 8. Complementarity with PEFA framework

GUS has links with all seven PEFA pillars. IADB takes PEFA indicators into consideration when carrying out GUS assessments. GUS is carried out with the specific aim of validating and informing IADB's project financing decisions.

## Development and use



### 9. Development and coordination

GUS was developed in 2009 and revised in 2012. IADB is currently in the process of updating GUS, with the intention of automating the data collection process for the assessment.

### 10. Assessment management

GUS is carried out by IADB in coordination with the government. IADB establishes the need for an assessment, then coordinates with the government to conduct it. Typically, IADB procures an external consultant who helps in managing the assessment. At the inception phase of an assessment, IADB works with the government to decide who will participate in and review the assessment. This can include multilateral development banks and the government. In addition, there is a peer review system in place involving teams in other IADB country offices.

### 11. Uses by the government and members of the PFM community

The tool is used for IADB's internal purposes - to measure the level of development of PFM systems in IADB members.

### 12. Sequencing with other tools

The assessors should consult recent PEFA (AO1) assessments. Findings should be taken into consideration before deciding whether a GUS is required.

### 13. PFM capacity building

The assessment provides recommendations, and IADB supports the governments in putting together an action plan to help implement them. However, the government ultimately decides the recommendations and actions that it wants to focus on.

### 14. Tracking of changes and frequency of assessments

IADB monitors development between assessments using its internal central repository for all assessment reports. Recommended frequency is every five years.

### 15. Resource requirements

It costs between US\$20,000 and \$30,000 for carrying out an assessment covering all pillars. Costs increase if there is a need to do a deep dive into one of the pillars. A standard assessment that covers all five pillars typically takes one to two months.

## Transparency



### 16. Access to methodology

Methodology is not publicly available since the tool is used for internal purposes only. The user guide is not publicly available, although access is provided to external consultants carrying out an assessment on behalf of IADB and other relevant stakeholders.

### 17. Access to assessment results

IADB maintains an internal repository. Results from the assessment are also shared with relevant government authorities but it is the discretion of the governments to publish the reports.

# Assessment of Financial Management Systems in Bank-Financed Investment Operations - World Bank



## Objective and features

### 1. Objective

The assessment of financial management systems aims to: (1) support borrowing countries in improving their financial management performance and enhancing their capacity, and (2) contribute to providing reasonable assurance on the use of the WB proceeds in investment operations.

### 2. Institutional coverage

Implementing agency level at national or subnational government.

### 3. Technical coverage

The Investment Policy Financing (IPF) defines financial management arrangements in IPF projects as the planning and budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements of the borrower and entity or entities responsible for project implementation.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

Policies and procedures for assessment of financial management systems follow a principle-based approach to determine risks and identify mitigating actions, if needed. It uses the concept of residual risk to determine risks after mitigating measures to ensure the performance of the financial management functions during the operation cycle. It informs the Operations Bank Risk System, Systematic Operations Risk-Rating Tool (SORT).

The principles underpinning the financial management work are focus on quality, risk-based approach, development orientation, and use of the country's financial management systems, consideration of fraud and corruption in risk, harmonization with donor partners, adequate communication, and integration into task teams.

### 6. Benchmarking system

Narrative evaluation. It provides a ranking of the fiduciary risks to be managed as high, substantial, moderate, or low across planning and budgeting, accounting and reporting, treasury and funds flow, internal control and internal audit, external audit and oversight, and staffing and legal framework.

Key risk elements are identified in each of the above listed areas and risk ratings are recorded on a regular basis along with mitigation measures.

### 7. Linkage to PEFA framework

Coverage of fiduciary areas are also covered by the PEFA methodology at system level.

### 8. Complementarity with PEFA framework

The tool can provide information on PFM elements at agency or program level, which is not included at PEFA level.



## Development and use

### 9. Development and coordination

Financial management directives, policies, and procedures were developed to guide the financial management fiduciary work for IPF operations and to define the roles and responsibilities of financial management specialists during the project cycle. The applicable financial management directive, policies, and guidance were developed by WB's Operations Policy and Country Services (OPCS) department. The fiduciary responsibility over the use of funds for investment operations falls on the borrower/recipient of World Bank financing, as stipulated in related World Bank policies and directives, and the general conditions applicable to investment operations.

The applicable financial management directive, known as the Financial Management Manual, was last updated in February 2017. This manual is complemented by procedures and guidelines applicable to financial management issues in specific contexts. The Financial Management Manual also covers the use of country systems to be used for WB projects in order to scale up the development impact, increase the country's ownership, build capacities, facilitate donor harmonization, and increase cost effectiveness.

The principles imbedded in financial management policies encourage harmonization with development partners where WB seeks out opportunities for delegated cooperation (in which one donor relies on the work of others) and ensure that, as far as possible, common arrangements are agreed among all donors and the government, particularly when multiple donors are cofinancing the same project or program.

### 10. Assessment management

A financial management assessment is required to inform the Disbursement and Information Letter (DFIL). An operation cannot be negotiated and approved by the Board without a DFIL. The Financial Management System, where financial management risk and performance are recorded, is integrated with the World Bank's SORT.

Application of the tool follows a quality assurance process based on identified risks to ensure compliance and consistency. The quality assurance process is enforced and recorded in the WB's financial management system to record financial management assessments, quality assurance reviews, update performance and risks during implementation and compliance of operational reporting requirement with intermediate unaudited financial reports and annual audited financial reports.

### 11. Uses by the government and members of the PFM community

Financial management assessments are used by the WB management to inform actions at the operation level and ensure that the financial management arrangements of an investment operation meet the bank's requirements and are maintained during the entire project cycle. For each operation, WB requires the borrower to maintain acceptable financial management arrangements during the project which, as part of the overall arrangements for implementing the operation, provide reasonable assurance that the proceeds of the loan are used for the intended purposes. The financial management arrangements rely on the borrower's existing institutions and systems to the degree possible.

### 12. Sequencing with other tools

Fiduciary assessments can use the findings from PFM diagnostics such as PEFA assessment.

### 13. PFM capacity building

Capacity-building activities could be identified as part of the risk mitigation measures and as part of project implementation activities.

### 14. Tracking of changes and frequency of assessments

Financial management arrangements are assessed during project preparation and routinely monitored with changes in risk and mitigation measures tracked during the entire project cycle. The assessment is conducted once during project preparation and updated during implementation as needed to record the project financial management performance and update the assigned risk. The frequency of the update depends on the risk assigned, with higher risk requiring more frequent supervision.

### 15. Resource requirements

Timeframe and resources depend on the complexity and size of the operation. Every investment operation has a financial management specialist assigned to carry out and update the assessment.

## Transparency



### 16. Access to methodology

The directives and policies are publicly [available](#). The applicable Financial Management Manual and guidance notes provide details and instructions on how to apply the principles imbedded in the financial management policies. SORT guidelines on which the assessment methodology is structured is [available](#).

### 17. Access to assessment results

WB maintains an internal repository. Financial management assessments are not published and are for internal use by WB only. A summary description of the assessments is included in the Project Documents that are publicly available in the WB website.

# Fiduciary Risk Assessment (FRA) - Foreign, Commonwealth and Development Office



## Objective and features

### 1. Objective

FRA aims to support the FCDO (formerly DFID) staff in identifying and managing fiduciary risks with a view to promoting aid effectiveness.

### 2. Institutional coverage

National and subnational governments.

### 3. Technical coverage

FRAs include the following technical aspects:

- Fiscal framework and performance
- Public procurement
- Accounting and reporting
- Audit and accountability mechanisms and performance
- Institutional strengthening, transparency, and anti-corruption.

### 4. Application method

Custodian.

## Methodology



### 5. Methodology

FRAs should consider the context and circumstances that are unique to each country. There is no formulaic right answer (or one-size-fits-all solution) that can be applied to each case. The [guidance note](#) provides instructions on how to approach each report section, including factors to take into consideration and how to carry out the necessary analyses and assessments that form a part of FRA. The extent of material and scope of each section will depend on the context of the individual country. All FRA areas are covered, except where a country has recently emerged from conflict and the government has less capacity to participate in diagnostic studies. While some components of the FRA focus on understanding the political economy context of the country and identifying safeguards (a qualitative approach), other components involve assessing PFM systems, prevalence of corruption, and availability of reform using a benchmarking/scoring system presented below. Detailed and step-by-step guidance on how to carry out and score these assessments can be found in the guidance note.

### 6. Benchmarking system

Overall assessment of fiduciary risk (risk level, details): Analysis of the public finances and performance of PFM systems provides information on low risk, moderate risk, or substantial risk factors - following the descriptions outlined in the guidance note.

Assessment of the risk of corruption: Overall assessment of corruption risk is done using the benchmarks - low, moderate, substantial, and high (before safeguards) - following the descriptions outlined in the guidance note.

Assessment of PFM, accountability, and anti-corruption reforms: Overall assessment of partner government commitment to improving PFM, strengthening domestic financial accountability, and fighting corruption is done to determine whether the reforms are credible, partially credible, or not credible - following the descriptions outlined in the guidance note.

### 7. Linkage to PEFA framework

PEFA assessments form an input to the FRAs. All the seven pillars of a PEFA assessment (budget reliability, transparency of public finances, management of assets and liabilities, policy-based fiscal strategy and budgeting, predictability and control in budget execution, accounting and reporting, and external scrutiny and audit) are referred to at the time of conducting an FRA. The how-to guidance note also suggests that assessment against the PEFA indicators solely for the purposes of the FRA should not be undertaken.

### 8. Complementarity with PEFA framework

PEFA and FRAs examine PFM systems with different objectives. FRA uses PEFA assessments and other information to inform judgments on the level of fiduciary and corruption risk in a country. Annex 9 of the how-to guidance note outlines a list of sources and common forms of analysis from national government and international organizations that can complement PEFA assessments and feed into FRAs.



## Development and use

### 9. Development and coordination

FCDO first developed the tool in 2008 centrally and in collaboration with country offices. The guidance note was revised and updated in 2011 to bring it in line with FCDO Strengthened Approach to Budget support. The guidance note was expanded to incorporate external audit and legislative scrutiny into the FRA. FCDO last updated the FRA after 2018.

FRA was developed internally by FCDO and is used for internal fiduciary risk assessment purposes. The Independent Commission for Aid Impact (ICAI), as part of its *evaluation*, identified the need for FCDO to improve transparency and monitoring of fiduciary risks in bilateral programs implemented by multilateral partners. FCDO outlined how they are working with multilateral organizations to coordinate and strengthen the approach to monitoring fiduciary risks and have Senior Responsible Owners covering institutional relationships with each multilateral organization with which they work.

### 10. Assessment management

The application of the methodology includes the following elements: secondary research and information from FCDO, request for detailed documents and up-to-date information, questionnaires for feedback, face-to-face interviews, validation of data to arrive at a judgment on performance, or presentations and exit interviews. FCDO country offices are custodians and may contract consultants to help with analytical components of individual FRAs. FCDO country offices and consultants work closely with governments over the course of the assessment.

All FRAs are subject to central scrutiny and review as detailed in Annex 3 of the guidance note. The review process is led by FCDO, Finance and Corporate Performance Division (FCPD) and is supported by a panel of independent PFM experts. The review helps provide assurance to accounting officers and ministers and ensure consistency across FRAs being carried out in different countries.

### 11. Uses by the government and members of the PFM community

FRAs are used by the FCDO staff when *assessing the fiduciary risks* associated with providing financial aid to governments. FRAs are built into all programs designed and implemented by FCDO. FRA feeds into FCDO decision-making process and is critical for accountability purposes.

### 12. Sequencing with other tools

FCDO strongly recommends and prefers to use PEFA assessments to inform FRAs. To the extent possible, FRAs should draw information from recent PEFA assessments. In the absence of a PEFA assessment, the FRA should follow FCDO's Eight Good Practice Principles and 15 benchmarks to carry out the assessment. Further information on the GPP and benchmarks can be found in Annex 14 of the guidance note.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

Based on the current guidance note, country offices are required to conduct an FRA once every three years. After an FRA has been completed, any changes and developments that take place in a country receiving FCDO aid are systematically monitored. For this purpose, it is mandatory for FCDO to complete an Annual Statement of Progress (ASP), which is essential for tracking a country's commitment to improving PFM and fighting corruption. It also helps to identify any new fiduciary risks that may have emerged. If significant risks emerge, FCPD will be informed and a full FRA will be needed.

### 15. Resource requirements

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## Transparency



### 16. Access to methodology

Methodology in the form of how-to guidance note is [available](#). The most recent guidance note was published in 2011.

### 17. Access to assessment results

FCDO maintains an internal repository. Results from FRAs are not publicly available. They are shared with partner country governments and other interested development partners.

## Guidelines for Risk Management (GRM) - Danish International Development Agency



### Objective and features

#### 1. Objective

GRM aims to provide a tool for risk management that includes identifying, assessing, monitoring, making decisions on, and communicating risk issues in programs and projects supported by the Danish International Development Agency (DANIDA).

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

Under the category “Financial & Economical” risks, GRM covers financial management, corruption, procurement, legal framework, Finance Act Process, audit, fiscal and foreign trade balances, recession, and inflation.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The risk management approach provides a structured framework for assessing and monitoring risks. GRM tool covers three kinds of risks:

1. Contextual risk covers the range of overall potential adverse outcomes that may arise in a context and hence could impact a broader range of risks at programmatic and institutional level.
2. Programmatic risk further includes two kinds of risk: (1) the potential for a development program to fail to achieve its objectives, and (2) the potential for the program to cause harm in the external environment.
3. Institutional risk is sometimes also called political risk and includes “internal” risk from the perspective of the donor or its implementing partners. It includes the range of ways in which an organization and its staff or stakeholders may be adversely affected by interventions.

#### 6. Benchmarking system

Risk-level assessment with an ordinal scale scoring system (insignificant, minor, major, and significant risk). It combines scoring risks against a selected number of questions grouped into three categories outlined above, with a narrative commentary to produce an overall risk rating. The risk level is the combined assessment of the likelihood that risk factor is released and the impact of the released risk; each of the two factors are rated on a four-level scale.

#### 7. Linkage to PEFA framework

There is no direct linkage between the GRM and the PEFA framework. To assess the quality of the PFM system in a country, DANIDA refers to the PEFA indicators. The guidelines on Development Contracts and Technical Note on Program Support Preparation make specific reference to PEFA indicators to consider for general budget support.

#### 8. Complementarity with PEFA framework

The PFM and budget transparency components of the assessment rely on findings from the PEFA framework but require additional analysis in aspects such as corruption and procurement practices.





## Development and use

### 9. Development and coordination

Around 2010, DANIDA concluded there was no consistent approach to systematically address risks, especially in the fragile countries where DANIDA was involved in development activities. Hence, DANIDA decided to develop a set of guidelines to provide an overview of total risk and risk in a specific sector. The first draft of guidelines for risk management was prepared after the seminars hosted by the Ministry of Foreign Affairs of Denmark and the Development Co-operation Directorate of OECD Development Assistance Committee. The guidelines draft was sent to Danish embassies for feedback. DANIDA simplified the guidelines based on the feedback and published it as Guidelines for Risk Management (GRM).

GRM was used extensively between 2013 and 2016 by DANIDA in programming their aid projects. However, to reduce the number of procedures required to approve aid projects, a shorter Risk Management Matrix is attached as an annex (Annex 5) to the general programming documents of DANIDA after 2016. The complete Guidelines for Risk Management is no longer used for country programming by DANIDA. Inputs of other donor agencies are also used to prepare the assessment, and the final report is shared with the wider donor group operating in the country.

### 10. Assessment management

The assessment is managed by desk officers in Danish embassies. The desk officers in partner countries also refer to assessments of other institutions, such as WB, FCDO, and EU, to have a broader view of the risk situation in a country. In terms of quality assurance, assessments are reviewed by DANIDA staff according to internal guidelines.

### 11. Uses by the government and members of the PFM community

Conclusions of the risk assessment are incorporated in the appropriation note of proposed programs for aid support, as part of the narrative, with a presentation of important identified risks. The Risk Management Matrix is annexed to the appropriation note to DANIDA's External Grant Committee, DANIDA's Internal Grant Committee, or Head of Unit, as appropriate.

### 12. Sequencing with other tools

The fiduciary assessment uses the findings from PFM diagnostics such as PEFA (AO1) assessment.

### 13. PFM capacity building

No PFM capacity development function is envisaged for the tool.

### 14. Tracking of changes and frequency of assessments

There is no predefined frequency; it depends on the preparation and monitoring of individual aid programs.

### 15. Resource requirements

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## Transparency



### 16. Access to methodology

The guidelines used for risk management and the risk management matrix can be accessed from DANIDA website [Guidelines for Risk Management \(um.dk\)](http://um.dk).

### 17. Access to assessment results

DANIDA maintains an internal report repository. The risk assessments carried out are for internal use by DANIDA and are not published.

# PFM Risk Assessment Framework (PFMRAF) - United States Agency for International Development



## Objective and features

### 1. Objective

PFMRAF aims to assess USAID partner governments' PFM and accountability systems.

### 2. Institutional coverage

National and subnational governments and sectors that receive aid through USAID.

### 3. Technical coverage

The dimensions covered by the framework are accountability, institutional strengthening, capacity building, and anti-corruption.

### 4. Application method

Custodian or qualified external experts.



## Methodology

### 5. Methodology

PFMRAF is a risk-based methodology for assessment of partner government systems. The PFMRAF is carried out by USAID in partnership with respective governments. PFMRAF is not intended as a certification.

PFMRAF is set up as a two-stage evaluation:

- Stage 1 Rapid Appraisal is a country-level examination of the partner government's PFM environment and associated fiduciary and related risks, as well as elements of governance and public accountability. Broadly, Stage 1 answers fundamental questions such as the following: *What is the overall PFM operating environment in the partner country? Are public accountability institutions and related support mechanisms sufficiently viable to support government-to-government? Is the level of fiduciary risk manageable enough to justify a more in-depth Stage 2 Risk Assessment(s)?*
- Stage 2 Risk Assessment is designed to identify, evaluate, and propose measures to mitigate transactional level fiduciary risks of target partner government institution's PFM systems at the country, sector, or subnational level. Stage 2 informs the project design process and forms a basis to incorporate fiduciary risk mitigation measures into the government-to-government project components. Completion of Stage 2 requires answers to questions such as the following: *What is the risk appetite? Which are the identified relevant risks? How should the identified risks be assessed, scored, and appropriately mitigated?*

### 6. Benchmarking system

The assessment includes a four-stage risk level system, where risks assessed in the PFMRAF are categorized. It uses a color-based system, where Red is Critical, Orange is High, Yellow is Medium, and Green is Low.

### 7. Linkage to PEFA framework

The assessment covers aspects related to the following PEFA performance indicators: performance information for service delivery (PI-8), fiscal risk reporting (PI-10), and public asset management (PI-12).

### 8. Complementarity with PEFA framework

The PFMRAF tool provides additional assessment on PFM areas related to risk, such as those in Pillar I and II (budget reliability and transparency of public finances), with further scrutiny on risk and financial transparency questions and indicators.



## Development and use

### 9. Development and coordination

The development of the PFMRAF tool began as an attempt by the USAID Chief Financial Officer (CFO) to manage fiduciary risk inherent in directly financing development activities implemented by governments receiving assistance. It has been designed to primarily identify and assess fiduciary risks and associated mitigation strategies based on specific project objectives and implementation mechanisms.

It was developed in late 2010 and early 2011 as a two-stage inquiry to facilitate accountability and due diligence for USAID missions prior to disbursing funds to partner governments, which could allow USAID to track its funding to actual costs incurred by the implementing government entity or ministry. The tool has been revised two times since its creation in 2010, to reflect lessons learned by previous applications.

The PFMRAF is conducted in countries that receive USAID funding. Joint assessments between other jurisdictions such as the UK and Canada are being considered for the future.

### 10. Assessment management

Depending on the stage of the assessment, it is carried out by the USAID mission staff, contracted to third-party professional service firms, or a combination of both. Stage 1 Rapid Appraisal and its components may not be contracted to a third party. An inherently governmental function, Stage 1 is led by mission staff contemplating direct use of partner government systems in the delivery of development aid. For Stage 2, this effort may be undertaken by mission staff, contracted to third-party professional service firms, or a combination of both. Professional services firms are often used to complete Stage 2 of the assessment. Quality assurance is provided by USAID risk teams based in the United States. Both Stage 1 and Stage 2 reports are reviewed by the USAID risk teams.

### 11. Uses by the government and members of the PFM community

The PFMRAF is used by USAID partner countries and is conducted by USAID for national governments or relevant local government institutions, including departments such as the Ministry of Finance. It also serves as a management tool to inform government-to-government aspects of project design.

### 12. Sequencing with other tools

Not applicable.

### 13. PFM capacity building

Stage 2 of the assessment includes a risk mitigation plan if USAID activity is approved for the organization or country in question.

### 14. Tracking of changes and frequency of assessments

Changes are not tracked but previous assessments are taken into consideration when completing additional assessments. The PFMRAF is recommended to be completed every six years.

### 15. Resource requirements

The time to complete a Stage 1 assessment can depend on the personnel involved, but usually takes 8 to 12 weeks. Stage 2 varies significantly from country to country.

## Transparency



### 16. Access to methodology

USAID publishes a *manual* for the PFMRAF which contains information on the assessment along with indicators and questions that are used in addition to the overall methodology.

### 17. Access to assessment results

Not available.

## Governance Risk Assessment in ADB operations (GRA) - Asian Development Bank



### Objective and features

#### 1. Objective

GRA aims to improve ADB's performance in the implementation of its governance and anticorruption policies in the sectors and subsectors where ADB is active, and to design and deliver better quality programs and projects.

#### 2. Institutional coverage

National and subnational governments, and sectors (for beneficiary countries).

#### 3. Technical coverage

The focus areas of GRA are as follows:

1. Budgeting – External financing, including program and project financing, and its intended use reported in the developing member country (DMC) government's budget documentation.
2. Treasury operations – External financing disbursed into the main revenue funds of the DMC government and managed through its regular disbursement systems.
3. Accounting and reporting – External financing recorded and accounted for as well as reported using the DMC government's accounting system, in line with its own classification and financial reporting arrangements.
4. Procurement – Externally financed procurement is managed using the DMC government's own procurement procedures, without imposition of additional or special requirements.
5. External audit – External financing is audited by the DMC government's auditing system, without the imposition of additional or special requirements.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

GRAs focus on the potential risks to expected development outcomes due to governance weaknesses or other institutional problems. GRAs particularly assess fiduciary risk and corruption risk. Country-level GRAs focus on overview and assessment of country systems. Sector-level GRAs focus on overview and assessment of sector institutions. Preparing GRAs involves the following:

1. Identifying the strengths and weaknesses in the country's PFM system. For an overall country systems profile, ADB determines whether budgeting, treasury operations, accounting, procurement, and external audit are fully used, partially used, or not used.
2. Identifying governance weaknesses based on the shortcomings identified in the PFM systems' functioning. After the risk determination, the risk management plan identifies practical, implementable, and evaluable actions for ADB to mitigate the high risks. Actions are classified as short-, medium-, and long-term measures.
3. After identifying the actions, risks are mitigated by implementing reforms within the agreed timelines.

#### 6. Benchmarking system

The assessed elements are classified whether they are partially used, fully used, or not used. For the risk management plan, the governance risks can be categorized according to the following four-point scale: (1) High – risk likely to occur, and likely to have relatively serious impact if it occurs; (2) Substantial – risk unlikely to occur, but likely to have relatively serious impact if it occurs; (3) Moderate: risk likely to occur, but unlikely to have serious impact if it occurs; and (4) Low – risk unlikely to occur, and unlikely to have serious impact if it occurs.

#### 7. Linkage to PEFA framework

PEFA assessment is one of the key inputs for the GRA, and all the PEFA indicators are referred to at the time of the assessment.

#### 8. Complementarity with PEFA framework

GRA is a fiduciary risk tool that assesses risks and provides a risk mitigation plan. There is no complementarity with the PEFA framework.



## Development and use

### 9. Development and coordination

Before adopting the Governance and Anticorruption Action Plan (GACAP) II in 2006, ADB prepared country governance assessments (CGAs) using a framework that focused on five governance areas - legal and regulatory frameworks, public administration, public financial management, the judicial system, and civil society. The CGAs raised awareness about governance issues, increased opportunities for dialogue, and identified entry points to technical assistance, but was broad in scope, less effective for long-term strategic approaches, and lacked the operational focus needed to mainstream governance in sector operations. The approval of GACAP II in July 2006 brought a new dimension to ADB's operations by introducing a risk-based approach to governance assessment.

During the development of the GRA tool, there were ADB-wide consultations involving ADB regional departments and knowledge departments. ADB used the PEFA assessment framework as a reference guide and coordinated with other development partners during GRA execution. The GRA guidelines were revised in 2014. The revised staff guidance incorporates findings of the GACAP II implementation review completed in 2013, which aimed to strengthen implementation of GACAP II in ADB's country programming and operations. The guidance also responds to the Strategy 2020 Midterm Review, which called for GRAs to be streamlined, their quality enhanced, and their implementation systematically monitored so that governance issues are more firmly anchored in ADB operations, including in sector assessments and road maps.

During the assessment, PEFA, IMF, and OECD assessment reports are referred to. Consultations are made with the institutions that undertook the assessments. After the consultation, ADB works with its developing member country through country partnership strategies to align with previous consultations.

### 10. Assessment management

The need for GRA has been established as part of ADB's governance operational procedure, based on the decisions of ADB's Board and management. The implementation process of a GRA includes

- desk review of existing studies and other secondary sources of information;
- primary research mainly through consultations with stakeholders and site visits;
- analysis of current and planned governance reforms in the DMC, with an assessment of the extent to which reforms are likely to affect governance risks during the CPS period;
- analysis of the use of country systems;
- conversion of governance weaknesses or problems into potential risks to development effectiveness; and
- preparation of risk mitigation plan (action plan) and mitigation of high risks.

Custodian quality assurance procedures apply. There is an ADB-wide circulation of the GRA. Quality assurance is provided by the ADB staff.

### 11. Uses by the government and members of the PFM community

The tool is used for ADB's internal purposes to assess governance risks. GACAP II provides an opportunity for ADB and its DMCs to work together to identify intervention points for strengthening country systems, thereby reducing the risks inherent in using country systems. GRA informs country partnership strategies (CPS) and ADB operations in priority sectors.

### 12. Sequencing with other tools

PEFA assessment is a principal source of information on the performance of a country's PFM system. A full range of PEFA indicators are used to inform the GRA. Also, a "D" rating in any of the PEFA indicators can trigger a risk assessment in that specific area. Other tools such as MAPS (B17) may be consulted. It may therefore be relevant to conduct a GRA after PEFA or MAPS assessments are undertaken in the country.



## Development and use

### 13. PFM capacity building

ADB, at times in coordination with other development partners, provides mitigation actions to risks highlighted in the GRA through the risk management action plan. This can include PFM capacity-building activities as needed. Regional departments should also earmark resources for implementing the risk mitigation measures identified in GRAs such as technical assistance, in line with overall country programming and operations.

### 14. Tracking of changes and frequency of assessments

To track the implementation of the reforms provided in the risk management action plan, there is a CPS midterm review that updates the progress of GRA reforms in the country. Previous GRA assessments are also consulted before undertaking a new assessment. GRAs are conducted every five years, across the lifecycle of ADB's CPSs with its DMCs.

### 15. Resource requirements

Costs are about US\$35,000. GRA can leverage on existing ADB's internal assessments such as country and sector procurement risk assessments (Co8).

The time taken to conduct a GRA is about three months. GRAs can be undertaken by ADB staff or consultants. One international and one local expert is needed to conduct a GRA.

## Transparency



### 16. Access to methodology

GRA is an internal tool, and there is a document - [Staff Guidance for Implementing GACAP II](#) (2014) - that describes the purpose of the framework, discusses the processes for planning and preparing the governance risk assessment and for preparing the risk management plan, and presents the benchmarking system and risk categorization.

### 17. Access to assessment results

ADB maintains an internal repository of GRAs.



# Country and Sector Procurement Risk Assessment (CSPRA) - Asian Development Bank



## Objective and features

### 1. Objective

CSPRA aims to

- identify the risks faced by the national or sector systems which could result in sub-optimal use of national and/or ADB resources, either through leakage or inefficiency, and assess the severity of the risk; and
- develop a practical risk management plan to address at a minimum, high or significant procurement risks at the country and sector level.

### 2. Institutional coverage

National and subnational governments, individual sector, and single institution or agency (of beneficiary countries).

### 3. Technical coverage

CSPRA assesses the following four areas/dimensions in public procurement:

1. Legislative and Regulatory Framework (containing five indicators/questions)
2. Institutional Framework and Management Capacity (containing six indicators/questions)
3. Procurement Operations and Market Practices (containing five indicators/questions)
4. Integrity and Transparency of the Public Procurement System (containing four indicators/questions).

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

Questions or indicators for the assessment are sourced from the MAPS (B17). The steps for conducting the CSPRA are as follows:

1. Validate or update the initial country assessment – primarily through consultation with government counterparts, development partners, and other relevant stakeholders using the CSPRA tool.
2. Assessment of sector/agency procurement performance – based on interviews with government counterparts, development partners, and relevant stakeholders supported by sampling of specific procurement transactions. The sector/agency tool should be completed for each of the key agencies within the sector; the average score for the sector is then computed.
3. Prepare a narrative description of the country and sector/agency procurement systems, including identification of strengths and weaknesses.
4. Identify and assess procurement risks, based on the degree of impact and likelihood of occurrence using the following scale: High – likely to occur, high impact if risk occurs; Substantial – unlikely to occur, high impact if risk occurs; Moderate – likely to occur, low impact if risk occurs; Low – unlikely to occur, low impact if risk occurs.
5. Propose risk mitigation/management strategies to address the identified risks: High – risk mitigation recommended, Substantial – risk mitigation/monitoring recommended, Moderate – risk monitoring recommended, Low – risk documentation/identification.
6. Determine overall country, and where applicable, sector/agency procurement risk rating.
7. Propose country, and where applicable, sector/agency procurement method thresholds and confirm prior review limits.
8. Propose changes, if necessary, to the National Procurement Annex.
9. Summarize findings in the country and sector/agency procurement risk assessment report, including the maturity of e-GP system in the country based on the outline provided.
10. Prepare country partnership strategy inputs (including procurement risk assessment and management plan).

### 6. Benchmarking system

Scoring system. A score of four levels (0 – 3) is given for each indicator/question according to a scoring guide defined for every indicator. The average score is provided for each of the four areas in procurement by computing the average of scores in all the questions in the area. An overall score for the country/sector is also calculated as the average of all the four area scores.

### 7. Linkage to PEFA framework

CSPRA broadly links with the PEFA performance indicator on procurement (PI-24), and PEFA is a part of the literature review reference in the methodology.

### 8. Complementarity with PEFA framework

The procurement risk assessments are fiduciary in nature, intended to inform ADB's own operations in each country and/or sector. CSPRAs can complement the PEFA framework by providing more information related to procurement practices.





## Development and use

### 9. Development and coordination

ADB's Governance Framework, as described in [GACAP II](#), requires that country and sector procurement risks be assessed during the preparation of country partnership strategies (CPS). ADB's Procurement Governance Review, 2013 also recommended incorporating a risk-based approach to procurement and establishing procurement thresholds at the country level. Hence, ADB developed a guide meant to supplement the GACAP II Implementation Guidelines 2011 and provide the processes, frameworks, and tools for conducting country, sector/agency, and project procurement risk assessments.

CSPRA is mainly an internal tool of ADB. CSPRA reports are, however, shared with other development partners working in a country.

### 10. Assessment management

The assessments take a two-stage approach:

- Phase I is a planning phase which involves a literature desk review of existing country and ADB procurement assessments and experience, using a tool for initial country procurement assessment, which leads to development of terms of reference (TOR) for field work and the final assessment. An initial desk review is required to plan the assessment, determine the resources required, and assess the quality and timeliness of existing procurement assessments as well as ADB's procurement experience in the country and across key sectors.
- Phase II involves mission and discussions with government and other stakeholders (development partners, pertinent local industries, and civil society organizations [CSOs]), and validation of the initial country procurement assessment culminating in the CSPRA. The in-country assessment will update and verify the information gathered during the desk review and assess sector/agency procurement performance. CSPRA represents the final assessment of country and sector/agency procurement risks in the form of a report and informs the Procurement Risk Assessment and Management Plan (P-RAMP).

A country team (which may include Operations Services and Financial Management Department [OSFMD] staff) is responsible for CSPRA. The assessment may be conducted either by staff or a consultant(s) under the direction of the country team with input from OSFMD.

Custodian quality assurance procedures apply. After an external consultant drafts the report, the responsible procurement specialist from ADB conduct the initial review. The report is further sent to other ADB teams that have a relevant interest for peer review. Comments matrix received from the ADB resident country mission, regional ADB departments, as well as other procurement experts and directors are addressed before the report is finalized by ADB.

### 11. Uses by the government and members of the PFM community

CSPRA is mainly used internally by ADB. It forms part of the thematic and sector analysis undertaken to support the preparation of ADB's new CPS. Risks identified through CSPRA (and the identified mitigation measures for the risks) are the basis in preparing the Procurement Risk Assessment and Management Plan (P-RAMP). The P-RAMP is incorporated into the overall risk assessment and management plan in the CPS.

### 12. Sequencing with other tools

If there is a MAPS (B17) assessment completed in a country, they can form the baseline for CSPRAs. A full CSPRA can be avoided to focus more on sector/agency level assessments, which may not be provided by MAPS. CSPRA can complement the MAPS findings by analyzing the procurement practices in sectors such as transport, energy, water, education, and health.

### 13. PFM capacity building

Currently there are no direct capacity-building initiatives undertaken directly by ADB as part of CSPRA. However, ADB is considering formalizing capacity building as part of CSPRA in the future. Indirectly, weaknesses identified as part of CSPRA analysis may feed into capacity-building plans at the agency level. ADB may provide technical assistance to projects under the CPS or other individual projects depending on the issues.

### 14. Tracking of changes and frequency of assessments

There is no specific or required frequency. CSPRAs are undertaken at the CPS preparation stage. However, if significant changes have been identified in the procurement framework, which could materially impact the risk ratings, they may be updated at any time during the CPS period. For countries wherein CPS is not prepared, an abbreviated CSPRA may be conducted during project processing.



## Development and use

### 15. Resource requirements

Average costs are around US\$25,000 to US\$40,000, depending on the scope and number of sectors to be assessed in the country. Generally, CSPRAs are done with one international consultant in procurement. A national consultant may be hired, or an ADB country office staff may be involved depending on the country context. The time required for CSPRAs varies from three to five months.



## Transparency

### 16. Access to methodology

Methodology is *available*. A describing the scope of CSPRA, the methodology to be followed, indicators, and questions, as well as a scoring guide for the questions, is available for use by ADB staff and external consultants.

### 17. Access to assessment results

ADB maintains an internal repository. Reports are published with approval from the government. A redacted version of the report is published if the government has issues with publishing certain information, otherwise a full publication is done.

# Program-for-Results Fiduciary System Assessment (FSA) - World Bank



## Objective and features

### 1. Objective

An FSA conducted during the preparation phase of the Program-for-Results (PforR) operation aims to ensure that program funds are used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. The assessment highlights fiduciary risks that may affect program development outcomes and outlines measures to mitigate these risks.

### 2. Institutional coverage

Program level (national and subnational governments and local government units, depending on the program structure). The tool application is aligned with the program design and can be used at all institutional levels.

### 3. Technical coverage

FSA assesses the following critical PFM functions relevant to the PforR program and implementing agencies:

- Planning and budgeting
- Procurement planning
- Budget execution
- Internal control
- Auditing.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

FSA adopts an objective and evidence-based approach. It applies to the PFM architecture of the country but at a scale that is specific to the context and framework of the program. FSA is designed based on a set of principles that look at three broad areas: procurement, financial management, and fraud and corruption.

WB has laid out a set of recommended data points or evidence that teams need to collect to assess the performance of the procurement and financial management systems within the context of the program. The recommended evidence or data points collected at the time of an FSA is specific to the program, geography of the program, and activities that influence the program results. FSA could draw upon the findings from other diagnostics, such as PEFA (A01) and MAPS (B17), to gather an understanding of the country systems. The assessment adopts a drill-down approach to focus on specific program systems.

There could be more than one PforR programs running in parallel in a country and the FSA corresponding to each of these programs is customized to the program implementation and transfer of resources across the value chain of stakeholders.

To arrive at substantiated risk ratings, the review team focuses on the underlying data and evidence on the performance of the program systems, the rationale for the risk categorization, and the suitability of the proposed program action plan to mitigate the key risks.

### 6. Benchmarking system

The overall fiduciary risk rating for the operation is the final assessment output which can be presented as a medium-, low-, or high-risk rating.

### 7. Linkage to PEFA framework

There are no direct linkages, but the FSA guidance refers to PEFA assessments as a source of information for the risk assessment. Also, a “D” rating in any of the PEFA indicator can trigger a risk assessment in that specific area within the program systems.

### 8. Complementarity with PEFA framework

FSA extends to identification of risk practices in the PFM and procurement cycle which are topics not directly covered by PEFA. The FSA approach is customized to the PforR operation and is limited to the boundaries of the program systems.



## Development and use

### 9. Development and coordination

WB introduced the lending instrument, Program-for-Results (PforR), in early 2012. The bank's policy framework for PforR operations was released in July 2015 along with the bank directive on Program-for-Results Financing to provide additional direction to teams on carrying out the FSA. The internal guidelines to assist task teams in conducting the FSA were published by WB in June 2017. The development of the financing instrument (PforR) and the integral FSA was an internal WB process.

Participation of other donors may occur in government-managed programs wherein all the development partners follow the same implementation program arrangements (e.g., a single set of financial statements, and a single set of reports); however, WB will not participate in the procurement of these programs (in PforR model). The FSA findings could be used by other donors in a joint-funded program where WB leads the due diligence process (technical, fiduciary, environmental, and social), thereby avoiding multiple assessments.

### 10. Assessment management

The key steps involved in the initial phase of a PforR operation are as follows:

- At the project preparation phase, all the required due diligence (technical, fiduciary, environmental, and social), economic analysis, and desk review of various assessments are conducted. FSA is a part of this preparatory due diligence process, which is conducted prior to project approval by the management, followed by the negotiations that lead to final approval by the board.
- Developing the result framework anchored in the “theory of change” and establishing the disbursement indicators.
- Collecting data throughout the PFM cycle to assess the performance of the program systems in addition to the data that can support the assessment of procurement cycle and provide evidence for anti-corruption practices. Data collection is done through extensive stakeholder interaction at all levels. Several documents, including other PFM assessment reports generated from PEFA (A01), MAPS (B17), and CPAR (discontinued), are studied to gather relevant datasets in addition to consistent dialogue with the authorities to gather input on the program systems. Techniques like sampling and survey are employed depending on the size of the program systems.
- Discussing the risks and key areas for improvement identified through the FSA with government officials and charting a detailed program action plan to address specific areas critical to program implementation.

Every PforR operation is subject to corporate review. Custodian quality assurance procedures apply. In the case of a PforR where the financial and procurement risk assessment is integrated, the assessment draft undergoes quality assurance by the fiduciary team prior to their inclusion in overall project documents that are circulated for corporate review.

### 11. Uses by the government and members of the PFM community

PforR operations are implemented using the government's institutions and processes. The PforR instrument is applicable to existing government programs wherein the operations are functional and implementing institutions are in place. FSA is key to identifying the weaknesses in the PFM systems involved in program implementation (program systems). The program action plan helps build capacity within the country, enhances effectiveness and efficiency, and leads to achievement of tangible, sustainable program results. In case of a multidonor PforR operation, WB leads the due diligence process, and the FSA findings are used by other donors to guide project actions.

### 12. Sequencing with other tools

The assessment focuses on the entire PFM cycle and procurement function. Thus, it can be complemented by PFM function-specific tools such as MAPS (B17), which has a drill-down focus on procurement.

### 13. PFM capacity building

Resources are allocated to the program action plan, leading to mitigation of the risks and an effective program implementation. The program action plan would typically involve capacity-building initiatives to improve functionalities of the PFM systems and other risk mitigating measures.



## Development and use

### 14. Tracking of changes and frequency of assessments

FSA is conducted during the preparation phase of a PforR operation and is not repeated during the program lifecycle. Information on performance of the underlying program systems and risks are updated during the program implementation phase. The datasets collected at the preparation phase can be regularly updated and the performance of the program systems can be tracked accordingly. This is done twice a year.

FSA is updated (1) at the time of restructuring which could be a result of program expansion, or inclusion of new geographies/institutions in the program; and (2) when there is an add-on financing to an existing program leading to new result areas which can in turn lead to inclusion of new institutions and new program systems.

### 15. Resource requirements

Costs cannot be approximated for the FSA independently, as the entire operation for each of the PforR programs is budgeted together. The overall cost of preparation per PforR is very similar to that of the Investment Project Financing and Development Policy Lending.

It can take up to 12 months to complete the PforR preparation phase. The preparatory due diligence (FSA) is undertaken in four to six months after the proposal is reviewed and approved. The time needed for scoping, conducting, and drafting the FSA would be more for a PforR instrument, as it is entirely dependent on the size of the program systems.



## Transparency

### 16. Access to methodology

PforR policies and directives are *available*. The FSA application guidelines is an internal WB document.

### 17. Access to assessment results

FSA is WB's internal deliberative document reviewed by the management. It could be considered an internal due diligence process and the reports are confidential. Report repository is not accessible to the public. The WB's portfolio of PforR projects is *available*.

# European Commission Directorate General for Economic and Financial Affairs – Operational Assessment (ECFIN-OA) - European Union



## Objective and features

### 1. Objective

ECFIN-OA aims to

- provide a detailed analysis of the operation of various administrative bodies (central banks, ministries of finance, auditing bodies) involved in managing European Community funds in the countries receiving Macro-Financial Assistance (MFA) from the European Commission; and
- identify weaknesses and provide recommendations for improving the financial management system (including proposed deadlines for correcting these shortcomings).

### 2. Institutional coverage

National governments.

### 3. Technical coverage

ECFIN-OA covers the following:

- Budget preparation – legal framework, structure of state budget (local budgets, special bodies, state-owned companies, extrabudgetary funds), budget classification, budget amendments, medium-term expenditure framework, reserve funds, donor funds, state subsidies, process automatization, planned reforms.
- Budget execution – agreements with commercial banks and other financial institutions, budget implementation cycle and procedures (existence of a manual for commitments, expenditure, and payment authorizations, etc.), auditing salary files, internal audit within the Treasury Department, accounting and reporting, management of donor funds, planned reforms.
- Procurement framework – procedures relating to calls for tender at central and local level.
- Treasury and debt management – legal framework, treasury management (forecasts and decisions), debt management, debt structure, payment forecasts, debt statistics, IT systems, planned reforms.
- Internal financial control – legal framework, structure and organization of the internal audit service (auditors' independence, number, qualifications and training, etc.), latest audit reports, work program (annual, multiannual), planned reforms.
- External audit – legal and institutional frameworks of the audit bodies (independence), organization of external audit bodies, annual work programs, nature of the audits carried out (compliance, performance, etc.), audits during the last three years, training, human resources, planned reforms.
- Central Bank – legal and institutional framework, organizational structure, policy on interest on funds deposited and on loans to government, management of MFA funds, accounting and financial documents, internal audit department (nature of audits carried out), human resources (continuous training, staff regulations, salaries), IT department, planned reforms.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The assessment focuses on the expenditure side. The operational assessment examines the PFM system and is used primarily as a fiduciary risk instrument by DG ECFIN. The methodology focuses on evaluating risks associated with performance of the PFM system in the technical areas listed above. Analysis provides an assessment of the administrative procedures and financial circuits involved in MFA to ensure that the beneficiary countries maintain a sound financial management framework. The operational assessment provides recommendations.

### 6. Benchmarking system

The ECFIN-OA findings are presented as narrative evaluation. The operational assessment is not a scoring tool.

### 7. Linkage to PEFA framework

PEFA can be used as a source of information on the technical areas listed above.

### 8. Complementarity with PEFA framework

ECFIN-OA and PEFA examine PFM systems with different objectives.



## Development and use

### 9. Development and coordination

ECFIN-OA was developed in the 1990s and was primarily focused on assessing core financial management functions and administrative bodies of countries eligible for an MFA. The operational assessment can be utilized by other Directorates General (DGs) in the European Commission (EC) during budget support programs to the countries.

### 10. Assessment management

ECFIN-OA is conducted after a memorandum of understanding (MoU) is signed with the recipient country and before disbursing the respective assistance. Data is collected from authorities of each country, as well as publicly available information, including other PFM diagnostic reports such as PEFA (AO1), TADAT BO2), and PFM Annual Review of EU Delegations.

Walk-through tests are conducted regarding the treatment of the previously disbursed MFA funds with audit trail (if applicable). Planned reforms are considered, including donors' programs to support PFM reforms, reform progress evaluation, and identification of key actions to implement reforms. Note is taken of the progress made in addressing the weaknesses identified in previous operational assessments (if applicable).

Operational assessment reports are shared with country government representatives to check for factual errors and inconsistencies in data. The ECFIN team provides recommendations and comments. If the country has specific fiduciary risk leading to fiscal risk, the operational assessment indicators can be expanded to evaluate such weaknesses. In some cases, the operational assessment scope was expanded to meet the assessment needs of other programs that were commissioned in parallel.

### 11. Uses by the government and members of the PFM community

The need for an operational assessment primarily arises from the financial regulation of the European Union (EU) to review the legislative framework and administrative procedures and conduct financial audits of countries where a decision on MFA needs to be made.

An operational assessment is conducted for countries eligible for MFA, that is, candidate countries and potential candidate countries for accession to the EU. The latest operational assessment report tracks the effectiveness of the MFA program previously conducted in the country.



## Development and use



### 12. Sequencing with other tools

Findings can be complemented with any other tool that has a drill-down focus on the expenditure side or that examines the broader PFM cycle.

### 13. PFM capacity building

Capacity-building measures are available as part of budget support programs and technical assistance (TA) activities in the countries. They are generally led by the EU delegations in respective countries and other Directorates General (DGs) but not the ECFIN team.

### 14. Tracking of changes and frequency of assessments

The operational assessment report tracks the progress on past recommendations in case of consecutive assessments. Multiple assessments may be held during an ongoing MFA program which extends from one to two-and-a-half years. In that case, the MFA is disbursed in phases when policy/program benchmarks are met, and such disbursements are guided by the operational assessment outcomes.

The frequency of the assessment is not fixed. If a decision is taken to provide another MFA upon the completion of an existing MFA within a three-year period, the operational assessment is not repeated.

### 15. Resource requirements

The cost of an operational assessment is about €80,000, and it takes two to three months to complete. Consultants and staff of the DG ECFIN are engaged in conducting an assessment.

## Transparency



### 16. Access to methodology

Methodology is not available to the public. The ECFIN-OA reports are usually kept at the strict discretion of DG ECFIN and the authorities. No guidance on the specific content and application methodology is published.

### 17. Access to assessment results

Not available.

## **Group D** Tools

**SECTOR-SPECIFIC  
PFM TOOLS**

## GROUP D TOOLS: SECTOR-SPECIFIC PFM TOOLS

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CODE	NAME	CUSTODIAN	DEVELOPED
D01	<a href="#">FinHealth: PFM in Health Toolkit</a>	WB	2020
D02	<a href="#">Health Financing Progress Matrix (HFPM)</a>	WHO	2018
D03	<a href="#">Guided Self-Assessment of Public Financial Management Performance (PFMP-SA) for the Health Sector</a>	USAID	2013
D04	<a href="#">Programme Capacity Assessment (PCA)</a>	Gavi	2016
D05	<a href="#">Financial Sustainability Diagnostic Tool (FSDT)</a>	Gavi	2003
D06	<a href="#">Climate Public Expenditure and Institutional Review (CPEIR)</a>	UNDP	2011
D07	<a href="#">Climate Change Budget Integration Index (CCBII)</a>	UNDP	2015
D08	<a href="#">Disaster Response: A Public Financial Management Review Toolkit (PD-PFM)</a>	WB	2019
D09	<a href="#">Gender Responsive Public Financial Management Framework (GRPFM)</a>	PEFA	2020
D10	<a href="#">Equity Budgeting Tool (EBT)</a>	GIZ	2018
D11	<a href="#">Integrated State-Owned Enterprises Framework (ISOEF)</a>	WB	2019
D12	<a href="#">Corporate Governance: Report on Observance of Standards and Codes (CG-ROSC)</a>	WB	2001
D13	<a href="#">Corporate Governance SOE Progression Matrix</a>	WBG (IFC)	2010
D14	<a href="#">Accounting and Auditing: Report on Observance of Standards and Codes (AA-ROSC)</a>	WB	2001

**Note:** Gavi = The Vaccine Alliance, GIZ = German Agency for International Cooperation, IFC = International Finance Corporation, PEFA = Public Expenditure and Financial Accountability, UNDP = United Nations Development Programme, USAID = United States Agency for International Development, WB = World Bank, WBG = World Bank Group, WHO = World Health Organization.

## FinHealth - PFM in Health Toolkit - World Bank



### Objective and features

#### 1. Objective

The FinHealth toolkit aims to:

- identify the key PFM and health finance bottlenecks that constrain service delivery results at the service delivery unit level and how these constraints are related to PFM systems in the country; and
- make recommendations for the short or medium timeframe.

#### 2. Institutional coverage

National and subnational governments, health sector.

#### 3. Technical coverage

The tool covers budgeting, treasury arrangements, procurement, expenditure reporting, and sources of funds to the extent related to health financing.

#### 4. Application method

Custodian. As a public good, the tool can be used for self-assessment and applied by any external agency as well.



### Methodology

#### 5. Methodology

Interviews are held with service delivery units, and findings are discussed with the ministry-level officials to formulate recommendations.

The earlier version of FinHealth had two questionnaires - one for health centers and one for primary health organizations and district health organizations - comprising details of the unit/organization, fund sources, annual budget formulation and execution, treasury and bank account arrangements, procurement management and maintenance, monitoring and evaluation, and expenditure reporting.

Some of the questions capture the answers in a set framework while other questions are more descriptive and capture information on the operations of the health centers. There is a possibility to select multiple answers for a question. The feedback and expectations of the interviewee are also captured in the assessment.

FinHealth tool uses fishbone diagrams to identify all causal factors for challenges in service delivery and focuses on PFM-related bottlenecks that could be addressed in the short and medium term.

#### 6. Benchmarking system

Narrative evaluation.

#### 7. Linkage to PEFA framework

Some of the health function question areas are directly linked to PEFA indicators on budget preparation process (PI-17), legislative scrutiny of budgets (PI-18), procurement (PI-24), internal audit (PI-26), and external audit (PI-30).

#### 8. Complementarity with PEFA framework

FinHealth provides details about how PFM system operations are affecting service delivery in the health sector.



## Development and use

### 9. Development and coordination

Health sector specific challenges, flexibility of tools for the health sector, and service delivery related aspects have been discussed extensively in various forums as traditional assessment tools are not capturing delivery efficiency at service unit level. PERs (A07) in the health sector have also showcased the demand for assessment of health sector service delivery units.

The development of a tool to address how PFM systems are impacting the sectoral performance was the result of collective thinking of several partners through several initiatives. The tool was developed by WB with inputs from and in consultation with several partners including WHO, Gavi, UNICEF, and IMF. The WB and the Bill & Melinda Gates Foundation funded the development of the tool.

During the development of FinHealth, WB referred to Health Financing System Assessment (not a PFM diagnostic tool), PERs in the health sector, PIMA (B12), and SAI PMF (B26) frameworks, among others. The tool has been reviewed by partners and has been shared with the Universal Health Coverage 2030 (UHC 2030) PFM Technical Working Group.

FinHealth's initial version was designed in two parts - conceptual framework and questionnaires - with flexibility as its central element and not as a benchmarking tool (a full or partial assessment could be conducted, and scope can be defined based on needs). After several pilot tests and based on feedback from the discussions and reviews with several partners, FinHealth has been updated and finalized in the current version by incorporating indicators (H1-H24) and focusing on the recommendations for short and medium term.

### 10. Assessment management

Assessment teams carry out a desk review of the available PFM assessment reports prior to the field work. Government engagement at various levels (central ministry, subnational government, local service delivery unit) is required to gather data, sample service delivery units, and undertake key interviews. Data on upstream planning and budgeting information regarding PFM systems is gathered from government sources. Governments provide comments on the findings, and validation workshops can be conducted where development partners may participate. Internal WB quality assurance process is in place.

### 11. Uses by the government and members of the PFM community

FinHealth provides a focused analysis of the PFM constraints in health financing and service delivery.

### 12. Sequencing with other tools

FinHealth can be conducted after fiduciary system assessments to study PFM bottlenecks at a service delivery unit level.

### 13. PFM capacity building

Recommendations may include PFM capacity-building measures. FinHealth team supports countries in implementing the recommendations, through the wider WB team and through various WB programs.

### 14. Tracking of changes and frequency of assessments

Indicator performance can be compared to track changes. Custodian-recommended assessment frequency is every four years.

### 15. Resource requirements

The cost of a FinHealth analysis ranges between US\$50,000 and US\$100,000, depending on the scope of the study and the size of the country. The average time required for an assessment is about one year. Timeframe depends in part on the scale and depth of the data collection undertaken to gather evidence.

A large team may be required to gather data from the service delivery centers within the assessment scope. In pilot studies, participating ministries of health and ministries of finance have allocated resources for data collection.

## Transparency



### 16. Access to methodology

FinHealth methodology is intended for publishing and use as a public good. WB is also planning to develop a website on how to conduct the assessment.

### 17. Access to assessment results

Explanation of the framework is available in the published report on Armenia (2019), [available](#) at the WB's Open Knowledge Repository. Publication of the assessment results is encouraged.

## Health Financing Progress Matrix (HFPM) - World Health Organization



### Objective and features

#### 1. Objective

HFPM country assessments aim to provide regular, timely, and clear policy-relevant information, based on an objective assessment of a country's health financing system relative to a set of evidence-based benchmarks, with identified policy priorities.

#### 2. Institutional coverage

National governments and related public institutions (autonomous, arm's length health insurance agencies regulated by national government).

The tool can also be used for subnational governments but assessments at national government level are preferred for now.

#### 3. Technical coverage

HFPM covers budgeting (multiyear budgetary processes, budget transparency and review, fiscal transfers, etc.) and expenditure management (flexibility in spending, resource use, expenditure controls, ICT systems for accounting, etc.) to the extent related to health financing.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The tool is built around seven assessment areas, including the different functions of health financing policy, the policy development process, PFM, and governance issues in health financing in a country. For each area, a set of “desirable attributes” are defined, based on evidence of what works in order to make progress toward UHC. Thirty-three assessments questions are built from the attributes. The entire assessment is guided by the objectives of UHC and health system goals. Rather than duplicating existing assessments, the matrix uses existing analyses and consolidates them into a common framework.

WHO recommends applying the HFPM in two stages:

- Stage 1 of the HFPM involves an overview description of the main health coverage arrangements in a country, which provides the background for Stage 2.
- Stage 2 comprises 33 questions that look in detail at the way health financing institutions and policies are organized, and how they are implemented. The 33 questions focus on (1) health financing policy, process, and governance; (2) revenue raising; (3) pooling revenues; (4) purchasing and provider payment; (5) benefit and conditions of access; (6) public financial management; and (7) governance.

#### 6. Benchmarking system

Scoring system. Each question is scored from 1 to 4, with 1 as emerging, 2 progressing, 3 established, and 4 advanced.

#### 7. Linkage to PEFA framework

Part of the assessment are questions related to the following PEFA indicators: expenditure composition outturn (PI-2), medium-term perspective in expenditure budgeting (PI-16), and predictability of in-year resource allocation (PI-21).

#### 8. Complementarity with PEFA framework

HFPM provides a more detailed assessment of PFM issues in the health sector.



## Development and use

### 9. Development and coordination

WHO earlier used PFM and health financing process guide to understand the alignment between PFM and health financing objectives. A progress matrix was developed to assess progress on health financing reforms more broadly.

Tool development started in 2018, and the assessment methodology questions are being finalized in close consultation with FCDO and WB. PFM assessments such as PEFA (A01), PER (A07), and WB's CPIA (A11) were referred to at the time of assessment. WHO engaged with WB, Global Financing Facility (GFF), and Global Fund ATM (AIDS, Tuberculosis and Malaria) to utilize the assessment findings in their respective programs.

### 10. Assessment management

Official assessments - those that follow the review process and are uploaded to the global knowledge database - are first agreed between WHO and the Ministry of Health. The ideal process involves all stakeholders and efforts are made to ensure this approach. For baseline assessments, countries were selected based on WHO's country resources and to maintain balance in regions across the world. Selection criteria include evidence of health reforms in a country and WHO's internal capacity to undertake the assessment. In general, one to two local consultants are appointed to fill in the questionnaire. In some countries where WHO offices have the resources, the questionnaire is filled in by WHO staff with significant contribution from the government. Health sector specific assessments and PFM assessments are referred to during the assessment stage. Assessment findings are discussed with government officials (from the Ministry of Health) through validation workshops and are peer reviewed. A two-stage review and presentation to country stakeholders are conducted to ensure objectivity, and to strengthen government buy-in.

### 11. Uses by the government and members of the PFM community

Governments and development partners use the HFPM to

- gauge whether health financing policy will have a positive impact in terms of strengthening the health system and making progress toward Universal Health Coverage (UHC);
- monitor changes in health financing institutional arrangements and policies over time; and
- better inform public policy by complementing the quantitative Sustainable Development Goals (SDG) monitoring indicators with qualitative information from this assessment.

### 12. Sequencing with other tools

HFPM can be informed by findings from broad-based PFM diagnostic tools such as PEFA (A01) and PER (A07).

### 13. PFM capacity building

WHO generates knowledge and develops guidelines from the findings. Not all findings lead to funding programs. WHO also conducts training courses for country officials, on a case-to-case basis. An e-learning module was under development (2021) and will be published at a later date.

### 14. Tracking of changes and frequency of assessments

Assigned scores convey a clear picture of changes made since the last assessment, supplemented by a text commentary. Recommended assessment frequency is either annually or every two years.

### 15. Resource requirements

Cost varies depending on the scope and size of the country between US\$30,000 and US\$70,000. Assessment time varies between two to three months for baseline assessments which are more thorough, depending on the stakeholders' ability to collaborate and validate the findings. Updates in subsequent years will focus on areas of change and can be conducted more rapidly. The team comprises health sector specialists and PFM specialists.

## Transparency



### 16. Access to methodology

Methodology is [available](#).

### 17. Access to assessment results

WHO maintains an internal repository. Final reports are independent WHO assessments, published in agreement with the governments. A password-protected database is available, with access subject to WHO approval.



# Guided Self-Assessment of Public Financial Management Performance (PFMP-SA) for the Health Sector - United States Agency for International Development



## Objective and features

### 1. Objective

PFMP-SA aims to encourage collaboration between Ministries of Health (MoHs) and Ministries of Finance (MoFs) in countries where the institutions may lack common language, systems, priorities, and incentives. PFMP-SA is a part of the broader toolkit that aims to help bridge the gap between these two important institutions (see Methodology section below).

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The PFM functions covered by the framework are (1) budget management, (2) fiscal framework and policy, (3) accounting and reporting, and (4) treasury and cash management.

### 4. Application method

Self-assessment.

## Methodology



### 5. Methodology

The PFMP-SA tool is a part of “A Toolkit for Ministries of Health to Work More Effectively with Ministries of Finance” which contains four different tools that can be used separately or together, depending upon the needs of the managers. The other three tools in the toolkit are:

- Self-Assessment of Internal Control Health Sector;
- Developing Key Performance Indicators; and
- Data for Efficiency: A Tool for Assessing Health Systems’ Resource Use Efficiency.

Of the 31 indicators included in a full PEFA assessment (2011 Framework), the PFMP-SA covers the 12 indicators that are most relevant to the health sector (performance indicators 2, 4, 10, 12, 16, 18, 19, 20, 21, 23, 24, and D2). Although the assessment is aligned with the 2011 PEFA Framework, the Health Finance and Governance (HFG) unit at USAID has adapted the framework to the needs and limitations of a line ministry versus an MoF.

In line with the 2011 PEFA Framework, the assessment evaluates the selected indicators considering their impact on the six areas of a PFM system:

- |                                       |   |
|---------------------------------------|---|
| 1. Credibility of the budget          | 4. Predictability and control in budget execution |
| 2. Comprehensiveness and transparency | 5. Accounting, recording, and reporting           |
| 3. Policy-based budgeting             | 6. External scrutiny and audit                    |

### 6. Benchmarking system

Benchmarking with scoring. The dimensions are scored on a cardinal scale: A (high level of performance that meets international good practices), B (sound performance in line with many elements of international good practices), C (basic level of performance), or D (below basic level of performance). The overall score for an indicator is based on the scores for the individual dimensions. The scores for multiple dimensions are combined with the overall score for the indicator using either the “weakest link” method or the “averaging” method. For each indicator, the method to be used is mentioned separately.

### 7. Linkage to PEFA framework

Comparison between the 2011 indicators covered and 2016 PEFA is [available](#).

### 8. Complementarity with PEFA framework

The tool has an emphasis on financial management for public sector health organizations, which aligns with and provides additional assessments around all four categories that form a part of the 2011 PEFA Framework (i.e., PFM Outturns: Credibility of the Budget, Key Cross-Cutting Issues: Comprehensiveness and Transparency, Budget Cycle and Donor Practices).



## Development and use

### 9. Development and coordination

The tool was designed for health sector managers to help MoH staff better manage their resources and communicate more effectively with their MOF counterparts. WB and IMF contributed to the tool development. The assessment adapts the PEFA methodology specifically to the health sector. PFMP-SA was published in 2013.

### 10. Assessment management

PFMP-SA is a self-assessment completed with the help and guidance of USAID. The assessment is divided into three different stages for a total maximum duration of 7 to 11 weeks. The reports are cleared at the MoH level.

### 11. Uses by the government and members of the PFM community

The tool is to be used primarily by the MoH or equivalent government departments of national governments to assess their systems and procedures in order to improve accountability and performance. USAID and the Health Finance and Governance (HFG) USAID project work with governments in using the PFMP-SA tool, in particular, in developing countries in Sub-Saharan Africa and Southeast Asia.

### 12. Sequencing with other tools

While not necessary, the PFMP-SA can be carried out alongside other tools that form a part of the toolkit.

### 13. PFM capacity building

Through targeted guidance and coaching, USAID and HFG support MoHs in performing either their first or repeated guided self-assessment of PFMP-SA.

### 14. Tracking of changes and frequency of assessments

MoHs can carry out repeated self-assessments of PFMP-SA. There is no predefined repeat assessment frequency. While the user guide does not necessarily outline instances where repeated self-assessments may be carried out, these might help in tracking changes.

### 15. Resource requirements

The time required is 7 to 11 weeks, with the team including at least one member with expertise in public finance and accounting; governance; and institutional capacity building, leadership, management, and facilitation training, respectively.

## Transparency



### 16. Access to methodology

Explanation of the framework is [available](#). USAID has published a guide for the PFMP-SA along with the [overall toolkit](#) it is a part of.

### 17. Access to assessment results

USAID publishes reports that cover all work for a particular country on the HFG website.

## Programme Capacity Assessment (PCA) - The Vaccine Alliance (Gavi)



### Objective and features

#### 1. Objective

PCA aims to identify risks and weaknesses and to make relevant recommendations for strengthening the in-country management and oversight of the vaccines and vaccine-related devices and direct financial support provided by Gavi.

#### 2. Institutional coverage

National and subnational governments, nongovernmental implementers (nongovernmental organizations who mobilize resources to provide goods and services) as applicable.

#### 3. Technical coverage

The assessment covers three main pillars: A. Program Management, B. Financial Management, and C. Vaccine and Cold Chain Management. Program Management and Vaccine and Cold Chain Management pillars are described in the Methodology section. Under the Financial Management pillar (within the stocktaking scope), the tool covers the following areas to the extent related to management of Gavi funding and immunization:

- Financial organizational structures and personnel
- Planning, budgeting, and financial monitoring processes
- Accounting and financial reporting capabilities
- Systems and controls for the disbursement of funds
- Procurement procedures for non-vaccine items
- Controls related to infrastructure development
- Fixed asset management
- Internal and external audit.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

The PCA report identifies the Grant Management Requirements (GMR) which are annexed to Partnership Framework Agreements that Gavi has in place signed with countries. These requirements are discussed with implementation partners.

There are three pillars in the PCA tool. The assessment is adaptive to the requirements, and the three pillars can be applied in isolation. This is decided at the scoping stage. Each pillar has questions across various areas.

#### 6. Benchmarking system

Scoring system, with narrative comments on the scoring presented in the key findings section (the comments are an important part of the report, adding context to the scoring). Every question is rated on a scale of 1 to 5 (1 = No, Non-existent, Not fit for purpose, Not functioning; 2 = Needs significant, urgent change or improvement; 3 = Satisfactory, Some improvement but no significant issues; 4 = Well fit for purpose; 5 = An example of good practice).

#### 7. Linkage to PEFA framework

The indicators assessed under the Financial Management Pillar of the PCA are closely related to those of PEFA. However, given that PEFA covers broad PFM aspects and is not specific to a sector, the PCA uses PEFA reports for input on the information on PFM performance more broadly.

#### 8. Complementarity with PEFA framework

PCA complements the PEFA Framework by assessing planning, budgeting, and financial monitoring processes; accounting and financial reporting capabilities; and internal and external audit at sector and subnational levels.



## Development and use

### 9. Development and coordination

Launched in 2016, PCA replaced the Financial Management Assessment tool of Gavi. PCA was developed to broaden the scope of financial management assessment to include Program Management Capacity (PMC) and Vaccine and Cold Chain Management (VCCM) assessments in line with Gavi's investments in programs, vaccines, and cold chains.

The methodology was developed from experiences with other development partners like the Global Fund. During the tool development stage, discussions were held with members of the Audit and Finance Committee of the Gavi Board, external consultants, and experts.

In the course of an assessment, discussions are held with various agencies, such as Global Fund, WHO, UNICEF, FCDO, and AfDB, who are actively pursuing similar objectives to that of Gavi in a country. A joint reform action plan is designed in such cases.

### 10. Assessment management

PCA is conducted at the start of each investment program by Gavi. The assessment involves four stages: scoping, desk review, in-country review, and reporting and agreement with the country. Most of the assessments are done with the support of consultants.

- Scoping is done by Gavi and is shared with the consultants. Gavi tries to map the various organizations engaged in health programs in a country at this stage.
- A desk review is conducted by the consultants, covering past assessments in health, PFM, financial statements, and audit reports. A desk review note is submitted to Gavi. During the desk review phase, all available PFM-related assessments conducted in the country (such as PEFA, WB FRA, and EU reports) are consulted to understand the overall PFM context.
- A team comprising consultants and a PCA team member from Gavi visits the country and fills in the questionnaire based on consultations with relevant stakeholders. PCA in-country work is customized based on the perceived risks identified from the desk review. This may lead to revising or refining the scope. The consultant may fill in the questionnaire from the information available and validate it with the stakeholders.
- The PCA report and Grant Management Requirements are an output at this stage which are validated with the stakeholders and reviewed internally by Gavi.

Assessment findings are validated with government officials and partners. Reports are quality reviewed within the consulting firm as well as internally by Gavi.

### 11. Uses by the government and members of the PFM community

PCA is used to identify and support governments in determining the means to address any capacity gaps in order to strengthen the Gavi-supported program, including through technical support (e.g., via the Partner Engagement Framework) and redirection of direct financial support (e.g., through reallocation), where appropriate. The findings will inform the programming of Gavi grants (e.g., Health System and Immunization Strengthening), technical assistance through the Partners' Engagement Framework, and other engagement with countries and partners (e.g., advocacy work).

### 12. Sequencing with other tools

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### 13. PFM capacity building

Findings from PCA report feed into capacity-building programs. Debriefing sessions with the government are conducted to agree on the follow-up actions. An implementation plan with timelines is designed and recommendations are prioritized.

In a few countries, capacity-building initiatives were planned in association with IFAC through the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) agenda or through partners in case of joint assessments. Gavi is also involved in Universal Health Coverage Plus (UHC+), an inter-donor working group that builds PFM capabilities.

### 14. Tracking of changes and frequency of assessments

Scores assigned can be used to track changes between assessments. Recommended assessment frequency is every three to five years, which is aligned with Gavi's grant cycle. Should there be changes in the PFM environment or in the political landscape which affect the structure designed for the program, or should audits find deviation from the program, a follow-up review is carried out again after the initial assessment conducted at the beginning of the investment cycle. This assessment is specific to Gavi's investment projects, and the repeat assessments are limited within the project duration.



## Development and use

### 15. Resource requirements

The cost of conducting an assessment varies depending on the scope and the size of the country. On average, the time required is two weeks for field work, a month to submit the draft report, and two to two-and-a-half months from field work to the final report. Team size is about four to seven people comprising an assessment coordinator to streamline activities across the three pillars, PFM specialists, procurement and supply chain specialists, and health sector specialists (medical doctor, vaccine and cold chain specialist).



## Transparency

### 16. Access to methodology

There is a PCA user guide that outlines the purpose, principles, process and phases, contracting, and the feedback process for the PCA. The user guide is not available for public consumption but is shared with contractors.

### 17. Access to assessment results

Reports are shared with governments and key stakeholders, but are usually not published.

## Financial Sustainability Diagnostic Tool (FSDT) - The Vaccine Alliance (Gavi)



### Objective and features

#### 1. Objective

The FSDT tool aims to:

- assess the current level of financial sustainability of countries to monitor progress toward financial sustainability and better management of national immunization programs within health sector development, using simple qualitative indicators;
- assess the country's capacity to formulate and implement a financial sustainability plan using the framework and guidelines provided by the Guidelines for Financial Sustainability Plan Preparation developed by the Gavi Financing Task Force (FTF);
- help identify the strengths of countries' current immunization programs and highlight areas for further improvement in achieving financial sustainability, prior to submission of financial sustainability plans; and
- provide guidance and information on technical assistance and training needed to support and develop current immunization financing systems, structures, staffing, and strategies.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

FSDT looks at the budgeting for the health sector, specifically immunization programs.

#### 4. Application method

Custodian, self-assessment, or any external entity.



### Methodology

#### 5. Methodology

There are 67 questions focused on the following aspects:

- Impact of country and health system context on immunization program costs, financing, and financial management (21 questions);
- Program characteristics, objectives, and strategies (6 questions);
- Pre-vaccine fund and vaccine fund year program costs and financing (8 questions);
- Future resource requirements and program financing/gap analysis (13 questions);
- Sustainable financing strategy, actions, and indicators (11 questions);
- Consistency of the financial sustainability plan (8 questions).

The questionnaire also includes guiding criteria and possible sources of information. All questions lead to Yes or No answers, thus limiting the subjectivity of the assessment. Following the completion of FSDT, conclusions and recommendations are drawn, summarizing the country's strengths and the areas that need improvement and indicating possible needs for capacity building and/or technical assistance where required.

#### 6. Benchmarking system

Narrative evaluation.

#### 7. Linkage to PEFA framework

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#### 8. Complementarity with PEFA framework

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## Development and use



### 9. Development and coordination

To address the question of financial sustainability, Gavi mandated all countries receiving Gavi Fund grants indicate in their applications how they plan to finance the added recurrent cost burden in the future, and commit to preparing a detailed financial sustainability plan (FSP). FSDT was developed to help countries in preparing these FSPs. First publication dates from 2003.

### 10. Assessment management

FSDT is completed through a series of interviews with all relevant stakeholders at national, subnational, and operational level. These stakeholders include, among others, Ministry of Health (national immunization staff, planning department within the Ministry of Health), Ministry of Finance (departments responsible for planning, budgeting, expense control, etc.), Ministry of Planning, Interagency Coordinating Committee (ICC), and other partners. The answers should be validated where possible. Sources of validation could be the national budget, public expenditure reviews (Ao7), immunization costing, and financing studies.

### 11. Uses by the government and members of the PFM community

FSDT is a qualitative tool that allows for a rapid qualitative assessment of the strengths and weaknesses of a National Immunization Program in terms of the requirements for developing and implementing a viable FSP. From the results of the assessment, countries can identify (1) the strengths of the current financing of immunization programs (and highlight areas for further improvement); and (2) what type of capacity building is required to prepare, implement, and monitor FSPs.

### 12. Sequencing with other tools

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### 13. PFM capacity building

Recommendations may include capacity-building measures.

### 14. Tracking of changes and frequency of assessments

Assessments are program-specific and used at the end of the second year in the program to prepare an FSP.

### 15. Resource requirements

A maximum of one week should be estimated to complete the FSDT, including the drawing up of conclusions, recommendations, and a work plan for developing the financial sustainability plan.

## Transparency



### 16. Access to methodology

Explanation of the framework is [available](#).

### 17. Access to assessment results

Reports are not published. It is up to the discretion of the governments to share the reports with any partner agencies.



# Climate Public Expenditure and Institutional Review (CPEIR) - United Nations Development Programme



## Objective and features

### 1. Objective

CPEIR aims to help countries review how their national climate change policy aims are reflected in public expenditures. CPEIR also reviews how institutions may be adjusted to ensure the financing of climate change initiatives is delivered in a coherent way across the government.

The specific objectives of the CPEIR tool vary between countries and stakeholders, but generally consist of (1) assessing the status of a national response to climate change, (2) improving the understanding of roles and responsibilities of the institutions involved, (3) quantifying climate-related expenditures, (4) strengthening cross-governmental coordination, and (5) identifying opportunities and constraints to integrating climate change within the national budget.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The PFM functions assessed by the tool focus on climate public expenditure analysis in areas of:

- budget allocations and outturns;
- climate relevant expenditures; and
- proportional analysis (climate-relevant expenditures as a proportion to total government budgets/expenditures and as a proportion to GDP).

### 4. Application method

Self-assessment or by external entity. A CPEIR may be conducted by a country's government, donors (such as WB), and UNDP CPEIR practitioners.



## Methodology

### 5. Methodology

There are three types of analysis undertaken during a CPEIR: policy analysis, institutional analysis, and climate public expenditure analysis.

### 6. Benchmarking system

Narrative evaluation.

### 7. Linkage to PEFA framework

PEFA results for the following performance indicators are used in the CPEIR: revenue outturn (PI-3), central government operations outside financial reports (PI-6), fiscal risk reporting (PI-10), public investment management (PI-11), public asset management (PI-12), debt management (PI-13), medium-term perspective in expenditure budgeting (PI-16), internal audit (PI-26), financial data integrity (PI-27), and in-year budget reports (PI-28).

### 8. Complementarity with PEFA framework

Both PEFA and CPEIR focus on policy-based fiscal strategy and budgeting where the fiscal strategy and the budget are prepared with regard to government strategic plans; however CPEIR is specific to climate change plans.

## Development and use



### 9. Development and coordination

The tool was developed in response to the immediate needs of some countries in the Asia-Pacific region and the discussions with UNDP on how climate change can be integrated into a country's PFM system. Before this, many of these countries had a series of financing mechanisms and donor-government dialogue on how to address emerging climate change issues. However, these were isolated from other issues such as the government's role in promoting economic and social development.

CPEIR was developed based on the WB's PER (A07) methodology. It was first implemented by Nepal in 2011. Since its inception, the framework has not been revised. This is because it is based on expert judgment and contains a very substantive policy and institutional analysis.

### 10. Assessment management

The methodological guidebook provides information on how to conduct a CPEIR step by step, and information on the methodology and the tools required. The CPEIR process involves six steps (as national circumstances vary by country, these steps can serve as a guide): (1) CPEIR stakeholder and concept initiation, (2) CPEIR institutional arrangement, (3) CPEIR terms of reference development, (4) CPEIR analysis, (5) validation and finalization, and (6) taking recommendations forward.

To achieve government ownership of the CPEIR, initial discussions with key government ministries are needed to identify the needs and main issues to be addressed. Typically, these key ministries include finance, planning, environment, and local government. To ensure government ownership and oversight of the process, institutional arrangements for CPEIR implementation should be established through a steering committee involving representatives from the relevant ministries, civil society organizations, and development partners.

Government data is used for CPEIR analysis to ensure accuracy and consistency. A country's PEFA assessment results are used in the analysis of the CPEIR to answer particular questions that the review asks.

CPEIR is performed by a cross-governmental steering group led by the Ministry of Finance with technical input from the Ministry of Environment. A cross-governmental approach ensures policies and institutions are reviewed fairly. The analysis is then quality assured and verified by UNDP country offices and regional experts and then reviewed by the Steering Committee.

## Development and use



### 11. Uses by the government and members of the PFM community

Ministries of Finance and Ministries of Environment use the CPEIR as a starting point to mainstream climate change into the budgeting and planning process. It is a tool for national planning and budgeting in terms of identifying and tracking budget allocations that respond to climate change challenges.

The tool was designed to be used by governments with the support of UNDP. However, some countries have chosen to perform the CPEIR with support from WB. GIZ has also helped implement CPEIR in some instances.

### 12. Sequencing with other tools

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### 13. PFM capacity building

CPEIR provides recommendations for improvement.

### 14. Tracking of changes and frequency of assessments

Governments can use successive CPEIRs to track how institutions, policies, and expenditure related to climate change have evolved over time. There is no predefined frequency of assessments, but it is acknowledged in the Lessons Learnt review that CPEIRs should not necessarily be a one-off exercise. UNDP officials advise that assessments be conducted every four to five years to allow for time to change between assessments. To ensure systematic and continuous analysis of climate finance, CPEIR will potentially be replaced by Climate Budget Tagging in the future.

### 15. Resource requirements

According to the guidebook, the cost is about US\$150,000. The time needed for an assessment is six to nine months between the start of the review and the completion of the draft report. Another three months are usually required to validate and finalize the report.

## Transparency



### 16. Access to methodology

The [methodological guidebook](#) and [methodological note](#), which outline the methodology for conducting a CPEIR, including an example of terms of reference, are publicly available.

### 17. Access to assessment results

CPEIRs can be found on the UNDP [website](#) under publications.

# Climate Change Budget Integration Index (CCBII) - United Nations Development Programme



## Objective and features

### 1. Objective

CCBII aims to identify strengths and weaknesses in budgeting for climate change responses and design measures to address the gaps identified. UNDP's CCBII is intended to bring

- a systematic approach and more objective validation of the progress toward climate change integrated PFM systems in countries;
- a baseline, prioritization, and help with formulating a reform agenda for climate change integration;
- cross-country comparisons; and
- a platform for a cooperation framework with development partners.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The dimensions covered by the framework are budget management, policy and regulatory frameworks, and climate change.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

CCBII produces a single score between 0 and 100, based on assessments across the four dimensions of national budget/PFM systems:

1. Policy dimension – the level of awareness on climate change policies, recognition, and commitment to integrate climate change with budgets.
2. System dimension – the capacity and current practices of PFM systems to absorb climate change considerations.
3. Accountability dimension – how much is the climate change agenda part of the overall PFM accountability system?
4. Development partners – how much of the development partners' finance integrated into national PFM systems?

### 6. Benchmarking system

Scoring system. There are three categories within dimensions 1, 2, and 3 and one category within 4. Each category has a maximum score of 10 points (for a high level of integration), adding up to 100.

### 7. Linkage to PEFA framework

The tool has linkages with the following PEFA performance indicators: aggregate expenditure outturn (PI-1), expenditure composition outturn (PI-2), revenue outturn (PI-3), budget classification (PI-4), budget documentation (PI-5), central government operations outside financial reports (PI-6), macroeconomic and fiscal forecasting (PI-14), fiscal strategy (PI-15), in-year budget reports (PI-28), annual financial reports (PI-29), external audit (PI-30), and legislative scrutiny of audit reports (PI-31).

### 8. Complementarity with PEFA framework

CCBII is a quick but robust tool to understand the linkages and integration of climate change in a country's budget.

## Development and use



### 9. Development and coordination

CCBII was developed to overcome the problem of a fragmented evaluation and allow for cross-country comparisons to measure integration of climate change into the PFM system in the Asia-Pacific region.

The CCBII tool originated in 2015. While developing the CCBII, UNDP consulted with the ministries of finance for the two pilot countries (Nepal and Pakistan), GIZ, Green Climate Fund (GCF), UK-based IIEP, UN Framework Convention on Climate Change (UNFCCC), and UN Environment Programme (UNEP). There have been no formal revisions to the methodology or framework of the tool. However, in 2016, a CCBII+ tool was added as a broader version of the tool. It has the same methodology and framework but has been extended to cover human rights and gender considerations.

### 10. Assessment management

The assessment is performed internally in UNDP country offices. In addition to an internal quality assurance, the results from CCBII are shared and discussed with the national government to ensure the analysis is realistic.

### 11. Uses by the government and members of the PFM community

CCBII offers a tool for the Ministries of Finance and the UNDP to understand the linkages and integration of climate change in a country's budget. CCBII essentially entails a gap assessment that highlights the strengths and weaknesses in a country's systems and policies. This informs the government's actions on climate change issues and allows UNDP to structure its support for the country.

Comparison of individual categories could be used for cross-country comparisons. There is little practical use of the aggregate index in cross-country comparisons because the categories are equally weighted (10 points each). As a result, the actual level of climate change integration across the four dimensions may vary significantly, even if two countries have the same aggregate index score.

### 12. Sequencing with other tools

While not necessary, a CCBII assessment can be performed alongside a CPEIR (Do6). A CPEIR reviews how a country's national climate change policy aims are reflected in public expenditures and institutions.

### 13. PFM capacity building

CCBII allows UNDP to structure its support for the country.

### 14. Tracking of changes and frequency of assessments

Changes between assessments can be tracked by comparing the scores. There are no rules on frequency of the assessment, but it is recommended that assessments are performed every other year to allow countries to see their development.

### 15. Resource requirements

The assessment is performed internally in UNDP country offices and there are no additional costs other than the working days of the personnel undertaking the exercise. The average time required to perform a CCBII is around 7 to 10 working days and depends on the ease of scheduling and holding consultations with various government departments and other stakeholders.

## Transparency



### 16. Access to methodology

The CCBII methodology paper is [available](#).

### 17. Access to assessment results

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# Disaster Response - A Public Financial Management Review Toolkit (PD-PFM) - World Bank



## Objective and features

### 1. Objective

PD-PFM aims to help countries build resilient, responsive PFM systems by pinpointing critical PFM policies, practices, and procedures that can be strengthened to improve a government's capability to respond more efficiently and effectively to natural disasters and other catastrophic events, without loss of integrity and accountability.

### 2. Institutional coverage

National governments.

### 3. Technical coverage

The tool has adopted a simple engagement framework that focuses on the minimum information required to facilitate and operationalize responses in line with country needs. It covers legal and institutional foundations, budget appropriation, financial management controls, and public procurement.

### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The PD-PFM Review comprises four modules, consisting of specific indicators. The modules of the PD-PFM Review can be applied separately, allowing countries to assess their capability in specific areas:

**Module 1: Legal and Institutional Foundations** assesses the public finance operational framework that is instituted to expedite the government's response, during and after natural disasters and similar emergencies. Post-disaster PFM rules and institutional arrangements for managing post-disaster financing are used as indicators.

**Module 2: Budget Appropriation** assesses the country's national budget to finance timely post-disaster relief and recovery operations. Budget planning and budget flexibility for disaster relief are used as indicators.

**Module 3: Financial Management Controls** assesses the following requirements:

- appropriate supervision of officers and separation of financial duties to mitigate the risk of corruption.
- adequate record keeping allowing proper monitoring and audit.
- sufficient information system resiliency using post-disaster expenditure controls.

Post-disaster spending traceability, external control and legislative scrutiny, and resiliency of information systems and vital records are used as indicators.

**Module 4: Public Procurement** reviews the scope of operational tools at the implementing agency level to guide expedited purchases using procurement planning for emergencies, emergency procurement procedures, and model documents for emergency procurement. Module 4 also assesses the extent to which disaster response considerations are integrated into key PFM functions and activities as indicators.



## Methodology

### 6. Benchmarking system

There is a list of key interview questions and the different aspects of the PFM system that pertain to each question. Each indicator has several dimensions. The indicators are assessed based on the existence of a function or process using a three-point scale: Yes = 1, Partial = 0.5, or No = 0. The summary score is calculated by adding together the scores for each indicator and expressing the final score as a percentage of the potential score if all indicators were scored as 1. The summary score can be used to provide an overall assessment of the degree of integration of disaster response considerations across the PFM system. The extent to which disaster-response considerations are integrated into PFM functions are assessed in five categories:

- **Low (or no) Integration** – an aggregate score of less than 25 percent indicates a low level of awareness of post-disaster response as a functional imperative of the overall PFM system.
- **Basic Integration** – an aggregate score between 25 and 50 percent signals that disaster response awareness is still limited.
- **Moderate Integration** – an aggregate score between 50 and 75 percent denotes that disaster-response considerations are integrated in most key PFM functions.
- **Advanced Integration** – an aggregate score between 75 and 90 percent denotes that disaster-response considerations are integrated in most PFM functions.
- **Full Integration** – an aggregate score of over 90 percent denotes that disaster-response considerations are integrated in all the key PFM functions.

### 7. Linkage to PEFA framework

The following aspects of the PEFA framework are linked: budget documentation (PI-5), budget preparation process (PI-17), legislative scrutiny of budgets (PI-18), procurement (PI-24), and external audit (PI-30).

### 8. Complementarity with PEFA framework

PD-PFM assesses the disaster response indicators that are integrated into the PFM functions.



## Development and use

### 9. Development and coordination

Some countries that were often affected by hurricanes, storms, and other natural disasters had struggled to perform rapid assessments to enable timely fund disbursement, and because of corruption, they had faced challenges to manage the relief funds effectively. The PD-PFM Review tool, which incorporates disaster risk management, was developed to address the gap in a PFM review framework.

During the development of the tool, the following were consulted: reports and reviews of climate change approaches, PEFA (A01), GRPFM (D09), PIMA (B12), MAPS (B17), CCBII (D07), CPEIR (D06), Climate Change Policy Assessment, UN Framework for Information and Communications Technology Policy Reviews, and Disaster Risk Finance Diagnostic.

A rapid review assessment module was piloted in 2018 which allows the design of an action plan to address specific issues in realistic timelines. This tool has been applied in nine countries in the Caribbean to ensure that the core aspects of their PFM systems respond to a disaster as expected.

Disaster response toolkit 2.0 is underway. The update includes coverage of climate change considerations, widens the approach of the assessment, and expands the scope of application. Over time, governments will be able to conduct a self-assessment. WB can work with the governments, guide them through the process, and help on the application of the tool. For easier usability, there will be an Excel-based toolkit that embeds all the methodology for the scoring. An automated report is generated based on a country's responses to the questionnaire. A user guide is being finalized.

The actual implementation of the toolkit was funded by the Government of Canada under the Supporting Economic Management in the Caribbean Externally Funded Output (SEMCAR EFO).





## Development and use

### 10. Assessment management

Stages in the assessment cycle are as follows:

- **Stage 1 – Desk Review:** This entails an in-depth evaluation of legislative, policy, and operational documents, assessments, and reports (such as the constitution, budget laws, financial regulations, parliamentary rules of procedure/conventions, and various PFM or disaster risk assessments) to ascertain that an enabling environment is provided to manage disaster response from a PFM perspective. A team of assessors reviews the current state of preparedness against the list of key interview questions. Once these practices are documented, they are confirmed in Stage 2.
- **Stage 2 – Country Visit:** The review team visits the country to map the PFM processes and practices that facilitate response to disasters. Through discussions with government authorities using key interview questions as a guide, areas of strength and vulnerability are identified. The output of Stage 2 is a report of the results with recommendations on ways to strengthen the identified vulnerable PFM areas.
- **Stage 3 – Validation and Action Plan Development:** In the final stage of the review, a validation exercise is conducted with key stakeholders and key areas for technical assistance is established. The team develops recommendations and works together with the government to formulate a prioritized reform strategy to address the key challenges identified in the prior two stages.

There are multiple reviews for enhancing the quality of the assessment. The quality assurance review entails technical review by the core staff team, country government review, internal management review, and country management review.

### 11. Uses by the government and members of the PFM community

PD-PFM helps gauge the preparedness of a country's PFM systems in responding to natural disasters. The assessment findings are used by multilateral and bilateral institutions and other donors for an informed decision-making on the use of country PFM systems to provide the necessary financial assistance.

Assessment findings are used by Global Affairs Canada. Several initiatives are taken to foster collaboration - such as in the case of IMF regional center - as many organizations are taking keen interest in the developments in this domain.

### 12. Sequencing with other tools

There are instances where the disaster response toolkit uses the findings from PEFA (AO1) or from tools that look at expenditure management, hence it may be considered appropriate to conduct the assessment after a PEFA of other expenditure management assessment.

### 13. PFM capacity building

Capacity-building programs are supported in the following domains, with an inherent focus on financing for disaster response mechanisms: (1) policies (laws, regulations, protocols, and written documentation); (2) human resource capacity (knowledge and skills building); and (3) information systems (building information system capacities to address challenges and facilitate quick response). Action plans are a part of the assessment process; they ensure that capacities are available and managed efficiently at all levels to facilitate quick response to a disaster.

### 14. Tracking of changes and frequency of assessments

Governments can conduct the assessment of their interest. Successive PD-PFM reviews track the progress of reforms and adjust their design to target potential weaknesses and risks. Successive PD-PFM assessments do not necessarily entail fieldwork but involve a simple update of the reforms undertaken by the country.

### 15. Resource requirements

The PD-PFM Review costs about US\$60,000 to US\$100,000 depending on the number of experts required. The time taken for the assessment is about a month - from the desk review to the actual acceptance of the action plan by the government. The resources and time required at each stage are one to two experts (1-2 weeks) for desk review, three to five experts (3-4 weeks) for fieldwork, one to two experts (1 week) for the final report.

## Transparency



### 16. Access to methodology

Methodology is *available* and covers the assessment strategy (detailed list of scoring criteria), evaluation framework, key interview questions, and review process.

### 17. Access to assessment results

WB maintains an internal repository of reports. If countries opt for public disclosure of the assessment, it is included in the WB's operation portal.

# Gender Responsive Public Financial Management Framework (GRPFM) - PEFA Secretariat



## Objective and features

### 1. Objective

GRPFM aims to:

- facilitate the collection of information to assess the extent to which countries' PFM systems respond to different needs of men and women, and to promote and contribute to gender equality; and
- raise awareness of the important role that PFM can play in achieving gender equality and in addressing the specific needs of men and women and different subgroups of these categories (e.g., youth, elderly, people with disabilities)

### 2. Institutional coverage

National and subnational governments.

### 3. Technical coverage

GRPFM builds on the PEFA framework (AO1), covering transparency of public finances (Pillar 2), management of assets and liabilities (Pillar 3), policy-based fiscal strategy and budgeting (Pillar 4), predictability and control in budget execution (Pillar 5), accounting and reporting (Pillar 6), and external scrutiny and audit (Pillar 7).

### 4. Application method

Self-assessment or by any external entity.



## Methodology

### 5. Methodology

The PEFA GRPFM framework is presented in the form of questions and indicators mapped to relevant PEFA indicators across the budget cycle. Each indicator is mapped to a specific dimension, and evaluation is done based on the evidence collected at the dimension level. Overall indicator scores are calculated by aggregating individual dimension scores. PEFA GRPFM assessment uses the same coverage and time periods of assessment as the PEFA framework. Assessment teams are required to present the evidence collected for each of the GRPFM indicators. GRPFM assessment does not provide recommendations.

### 6. Benchmarking system

The GRPFM supplementary assessment framework, like the PEFA framework, ranks the performance of PFM systems from A to D. To justify a score, every aspect specified in the scoring requirements must be fulfilled.

- Score A: Gender impact analysis is mainstreamed in the relevant PFM institution, processes, or system.
- Score B: Gender impact analysis is partially mainstreamed in the relevant PFM institution, processes, or system.
- Score C: Initial efforts have taken place to mainstream gender impact analysis in the relevant PFM institution, process, or system.
- Score D: Gender considerations are not included in the relevant PFM institution, processes, or system, or performance is less than required for a C score.

The overall score for an indicator is based on the scores for the individual dimensions. The M1, or weakest link method, is used for multidimensional indicators where poor performance on one dimension is likely to undermine the impact of good governance on other dimensions. The averaging method (M2) is used for multidimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of a high score on another dimension of the same indicator.



## Methodology

### 7. Linkage to PEFA framework

The following aspects of the PEFA framework are covered: budget classification (PI-4); budget documentation (PI-5); performance information for service delivery (PI-8) (performance plans for service delivery [PI-8.1], performance achieved for service delivery [PI-8.2]); public access to fiscal information (PI-9); public investment management (PI-11) (economic analysis of investment proposals [PI-11.1]); fiscal strategy (PI-15) (fiscal impact of policy proposals [PI-15.1]); budget preparation process (PI-17) (guidance on budget preparation [PI-17.2]); legislative scrutiny of budgets (PI-18); annual financial reports (PI-29); and legislative scrutiny of audit reports (PI-31).

### 8. Complementarity with PEFA framework

GRPFM is an addition to the PEFA (AO1) framework. All GRPFM indicators are related to PEFA indicators. In addition to these, gender-related data is evaluated to examine gender responsiveness in the budget.



## Development and use

### 9. Development and coordination

The GRPFM framework was developed as a response to the interest expressed by groups and individual experts involved in PFM and gender-responsive budgeting (GRB) reforms, received during a public consultation on the update of the PEFA framework in 2016. GRPFM was also conceptualized based on the continued requests from country authorities to disaggregate gender data for PI-8 at the time of the PEFA assessment. The PEFA Secretariat studied global practices to improve and customize the indicators for assessing gender-responsiveness of PFM systems, which has been identified as a major gap in existing PFM diagnostic tools.

This was the first global attempt in developing a broad framework to assess gender responsiveness. Inputs were collected from all the nine PEFA partners; research on gender studies by UN Women, Asian Development Bank, Caribbean Development Bank, OECD, and other regional development banks; and gender performance audit by INTOSAI. The IMF and OECD PFM gender research published in 2016 was consulted during the development. Two official peer reviews on GRPFM were completed with experts from WB, UN Women, PEFA partners, and gender-responsive budgeting experts.

GRPFM can be used concurrently with the PEFA (AO1) assessment or as a standalone assessment. The standalone assessment was introduced based on country requests received during the pilot stage.

The PEFA Program (nine partners) funded the development of the tool.

## Development and use



### 10. Assessment management

Experts collect and analyze the evidence, triangulate it with different sources of information and stakeholders, and draft an initial version of the report. An updated version is drafted based on inputs from the peer review process. All existing gender assessment reports available are studied at the time of the assessment.

The OECD analysis of GRPFM practices in OECD countries and the IMF FAD analysis of practices in G-7 countries were referred to at the time of the assessment. Information collected as part of the achievement of SDG targets, specifically those related to SDG Indicator 5.c.1, are a useful additional input to the gender equality assessment, as are the analysis of the findings of the United Nations Development Program (UNDP) Gender Inequality Index (GII) and Gender Development Index (GDI).

An institutionalized quality assurance system (PEFA CHECK) is practiced, which includes quality reviews by the PEFA Secretariat. The same quality assurance system is applied, irrespective of who is leading or commissioning the assessment. The guidelines are presented on the PEFA website ([www.pefa.org](http://www.pefa.org)).

### 11. Uses by the government and members of the PFM community

WB, IMF, ADB, and EC use the GRPFM framework as part of their budget support considerations.

### 12. Sequencing with other tools

To obtain a more comprehensive picture of gender equality in a country, the government can consider using additional analytical tools. These efforts may include gender impact analysis for public sector management beyond public financial management, such as sectoral analysis, gender-aware poverty and social analysis, gender-aware regulatory impact assessment, PEFA assessment (AO1), and FTE assessments (AO2), if available.

### 13. PFM capacity building

A training program on GRPFM methodology is available to country authorities on request.

### 14. Tracking of changes and frequency of assessments

The GRPFM framework can be used to monitor progress. Recommended assessment frequency is every three to five years.

### 15. Resource requirements

Based on preliminary data, the cost of GRPFM as a standalone assessment is about US\$30,000. The recommended team size is two experts, ideally with both PFM and gender expertise.

When PEFA GRPFM assessment is conducted concurrently with a regular PEFA assessment (AO1), data gathered during PEFA assessment can be leveraged for GRPFM, and the time needed is around five working days.

## Transparency



### 16. Access to methodology

There is a dedicated [subpage](#) on PEFA website presenting the PEFA GRPFM framework which provides links to all the resources relevant to the framework, including the GRPFM framework and the [report template](#). The framework and guidance are also available in French, Portuguese, and Spanish.

### 17. Access to assessment results

The assessments can be accessed on the [PEFA assessment portal](#). To search for PEFA GRPFM assessments, users need to select the “Gender Framework” from the drop-down menu under the “Framework” filter.

## Equity Budgeting Tool (EBT) - German Agency for International Cooperation (GIZ)



### Objective and features

#### 1. Objective

EBT aims to provide a framework for assessing whether public budgeting is equitable and responsive to the needs of marginalized groups.

#### 2. Institutional coverage

Specific sectors (such as agriculture, health, and social protection) in national and subnational governments. The analysis can cover single or multiple sectors.

#### 3. Technical coverage

The PFM dimensions covered by the framework are fiscal framework and policy, budget management, and expenditure management.

#### 4. Application method

Any external entity.

### Methodology



#### 5. Methodology

EBT is a selection of existing instruments and a checklist of questions related to the budget outcome and the underlying budget process. These questions form the basis for drafting a technical report that analyzes spending outcomes and each stage of the budget process. The report uses a traffic light system to reflect the degree to which each element makes a positive contribution to enhancing equity. The traffic light system comprises the following:

- Green – budget processes and decisions take equity into consideration
- Orange – budget processes and decisions partially take equity into consideration
- Red – there are no equity considerations in the budget or decision process.

Qualitative analysis is primarily used for questions on budget processes, while quantitative analysis is used to answer questions on spending outcomes. High quality published data is essential for the analysis of EBT. It is important that the data can be sufficiently disaggregated to identify statistically significant impacts on the marginalized groups that might be underrepresented or excluded in other analyses such as household surveys.

The main sources of data for EBT are household budget surveys, annual budget data (both allocation and actual expenditure), PEFA (Ao1) assessments, OBS (Ao6), national development plans, and sectoral strategies.

#### 6. Benchmarking system

The assessment is qualitative and has not been developed with a benchmarking system in mind.

#### 7. Linkage to PEFA framework

EBT uses the findings from PEFA performance indicators to assess equity considerations in the following:

- Budget preparation and approval – economic analysis of investment proposals (PI-11.1) and investment project selection (PI-11.2)
- Budget execution – expenditure composition outturn (PI-2), expenditure outside financial reports (PI-6.1), and significance of in-year budget adjustments (PI-21.4)
- Budget monitoring and evaluation – performance achieved for service delivery (PI-8.2), performance evaluation for service delivery (PI-8.4), legislative scrutiny of budget reports (PI-18), aggregate expenditure outturn (PI-2), and consistency of budgets with previous years' estimates (PI-16.4).

#### 8. Complementarity with PEFA framework

Findings from a country's PEFA assessments are used as a source of information for the EBT analysis. This is because the extent to which the budget will be effective in addressing equity issues depends largely on the general strengths and weaknesses of the budget process. Therefore, PEFA can help to clarify at which stage(s) of the budget process inequities are created and/or translated into budget outcomes.



## Development and use

### 9. Development and coordination

GIZ received interest from partner countries through its bilateral programs for reducing inequalities (both horizontal and vertical) and improving connections between the Ministry of Finance and other ministries receiving budgetary allocations. This led to the development of a broad and flexible tool that could provide insight into how different equity aspects like gender, ethnicity, culture, age, and religion are reflected in the budget and are considered during budget execution. Prior to EBT, the frameworks covering these themes were one-dimensional (e.g., Gender Budgeting Guidelines), and the EBT brought these together.

In 2017, GIZ commissioned the Oxford Policy Management to develop the EBT. Consultations were held with the German Development Institute and the WB. EBT has been tested in three sectors (education, health, and agriculture) in three countries. EBT was not modeled after any already established tool, but it acknowledged the existence of guidelines and frameworks covering specific equity aspects.

### 10. Assessment management

GIZ hosts a pre-assessment workshop to generate a common understanding of the need for assessments across the involved ministries to help address any potential biases or difficulties during the assessment - given its political nature. External consultants conduct the assessments through consultations with relevant ministries and civil society stakeholders.

A detailed user guide is being developed, which will replace the training for external consultants, to ensure standardization in assessments. Quality is assured through a post-assessment workshop where the external consultants present the results and discuss them with the ministries involved.

### 11. Uses by the government and members of the PFM community

EBT allows national governments to analyze the extent to which equity considerations are reflected in the budget and to answer questions related to how public spending impacts various dimensions of equity in different contexts. EBT can be used regardless of the budgeting approach (e.g., program vs. conventional budgeting) or level of government (e.g., national or subnational). EBT can help in supporting constructive dialogue with state officials around inequalities. It can also empower civil society organizations (CSOs) as watchdogs over budgeting.

### 12. Sequencing with other tools

EBT overlaps with the issue-specific instruments developed by UNICEF which help to analyze the impact of budgets on children and human rights, particularly in the review of budget processes. Several of the main sources of EBT are other diagnostic tools, among them PEFA assessments (AO1) and the Open Budget Survey (AO6). EBT allows for the analysis of budget outcomes, which complements other existing instruments that already cover the procedural aspects relating to the budget cycle.

### 13. PFM capacity building

The tool has no embedded PFM capacity-building function. However, dialogue with respective partner institutions prior, during, and after the assessment often results in a deeper understanding among the partners of the notion of equity and methods for assessing equity dimensions.

### 14. Tracking of changes and frequency of assessments

The tool has not been developed with a predetermined frequency of assessments.

### 15. Resource requirements

Each assessment costs about €20,000, including in-country visits, and pre- and post-assessment workshops.

The assessments take 20 to 30 working days for an external consultant, of which five days are on-site in the country. This does not include the work performed by the GIZ staff. Each assessment takes around six weeks to complete but the entire cycle, including preparations, takes significantly longer - around nine months. The length of the entire process can vary depending on the level of political cooperation, the specific equity area(s) under review, and the availability of data.

## Transparency



### 16. Access to methodology

Methodology is *available*. User guides are being developed to ensure standardization of the assessment approach but are not publicly available.

### 17. Access to assessment results

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# Integrated State-Owned Enterprises Framework (iSOEF) - World Bank



## Objective and features

### 1. Objective

The overall aim of iSOEF is to assess the adequacy of the policy and institutional framework underpinning the management of state-owned enterprises (SOEs) and provide guidance on improving the performance of SOEs in a country, and their contribution to economic development.

The objective of Module 4 is to carry out diagnostics of SOE corporate governance and accountability mechanisms. This module summarizes the steps to be taken in assessing SOEs, highlights the key issues, and aids in development of policy reforms.

### 2. Institutional coverage

Entity-level, public corporations. The framework could also be used to assess the governance of parastatals, with some adaptations.

### 3. Technical coverage

iSOEF comprises five modules. Modules 1 to 3 address the role of SOEs in the market, and their fiscal and distributional implications. Module 4 focuses on SOE corporate governance. Module 5 takes a sectoral perspective, focusing on state-owned financial institutions. Each module can be applied independently and contains additional analytical tools and instruments to be used for diagnostics and assessment.

Module 4 covers the corporate governance and procurement functions of PFM and assesses six interrelated dimensions of SOE corporate governance: (1) legal and regulatory framework; (2) the state as owner; (3) performance management; (4) board of directors; (5) financial accountability, controls, and transparency; and (6) procurement.

### 4. Application method

Custodian. The framework could be used for self-assessment when it is made available to the public.



## Methodology

### 5. Methodology

In carrying out a country diagnostic of corporate governance and accountability mechanisms, teams assess the overall institutional framework for SOE governance. In addition, for a limited number of economically significant individual SOEs in various sectors, the team assesses the way the framework is implemented in practice.

There are two assessment questionnaires - one for country-level assessment and one for entity-level assessment. There are 390 questions on country-level assessment in six key areas outlined in the technical coverage section above. There are 110 questions on entity-level assessments, covering areas such as commitment to corporate governance, board structure and functioning, financial oversight, shareholder's rights, and transparency and disclosure.

### 6. Benchmarking system

Narrative evaluation.

### 7. Linkage to PEFA framework

Monitoring of public corporations (PI-10.1) is linked to the financial reporting and performance management dimension of iSOEF Module 4.

### 8. Complementarity with PEFA framework

iSOEF provides further details on monitoring of SOEs across the dimensions of performance management and financial accountability and transparency.





## Development and use

### 9. Development and coordination

Module 4 of iSOEF draws on and updates the World Bank Group's 2014 State-Owned Enterprise Corporate Governance and Risk Toolkit (CG-SOE) and presents an integrated approach that emulates the Financial Sector Service program. The reason for developing iSOEF is that existing tools, such as the CG-SOE Toolkit, do not assess fiscal implications of SOEs, distributional implications, and market implications on competitive neutrality. A broader set of guidance notes was developed in response to growing demand for an integrated analytical tool, especially from low-income countries (post global financial crisis) that can be used as part of policy dialogue for WB operations in several countries. An entity-specific questionnaire was added to the toolkit in addition to the existing one to assist the countries in assessing the institutional framework.

Module 4 was prepared by the WB Governance Global Practice and the International Finance Corporation (IFC). Input from other WB teams and external consultants were also considered. The development was funded by the World Bank Group. The framework's procurement aspect is taken from OECD's Principles on Corporate Governance, 2015. Consultations were made with donors, regional development banks, and subregional development institutions, such as ADB, AFD, EBRD, EC, FCDO, GIZ, IDB, IMF and JICA.

### 10. Assessment management

There are five steps in conducting the assessment:

- Step 1: Conducting preparatory desk review. All relevant reports and assessments available in the public domain are studied, including government or SOE websites, information from counterpart agencies (such as SOE ownership entities or the finance ministry), and WB documents (for example, systematic country diagnostics, country partnership frameworks, and project appraisal documents), among several others. Where available, PEFA fiscal risk reporting (PI-10) is studied to gain an understanding of the SOE reporting environment. Based on the available information, the assessment team could decide how many individual SOEs will be included as part of the assessment.
- Step 2: Adapting and distributing questionnaires for country- or entity-level assessment. Depending on the circumstances, the questionnaire can be completed by country authorities and/or SOEs or used as a list of data requirements for the WB team to conduct due diligence. The questionnaire can be customized to country context, especially for low-income countries. Questionnaires could be partly filled in during the desk review and validated during the interviews or could be filled in by the corporations or by an external consultant.
- Step 3: Interviewing key counterparts and/or holding focus group discussions. Several groups can be interviewed including institutions charged with SOE ownership functions (for example, a central ownership entity, finance ministry, or line ministries), institutions in the accountability chain (such as a supreme audit institution, securities market regulator, and professional audit firms), leadership of key SOEs (chief executive, chief financial officer, and the board chair), and the local institute of directors and professional accountancy organization.
- Step 4: Reviewing additional documents and validating the information. Documents include annual financial statements and management reports, auditor reports, management letters, and performance contracts.
- Step 5: Summarizing the analysis and writing the assessment report. The analysis is discussed with country stakeholders to help build buy-in on findings and recommendations, strengthen commitment to reform, and potentially identify further reform steps and assistance needed.

WB quality assurance procedures are followed. The report is discussed with the governments and is peer reviewed.

## Development and use



### 11. Uses by the government and members of the PFM community

The framework provides a snapshot of the SOE operations in the country and the findings can be used to design a reform action plan.

### 12. Sequencing with other tools

iSOEF framework is usually complemented with fiscal risk assessments to analyze the information on contingent liabilities. iSOEF can also complement AA-ROSC (D14) assessments with respect to financial accountability, controls, and transparency.

### 13. PFM capacity building

Recommendations may include capacity-building measures and can be integrated into the overall reform agenda of the country. Initiatives could include targeted technical assistance in developing countries through trust funds, sector-specific investment project financing, and WB-funded analytical and advisory activities, to support the strengthening of ownership function, legal framework, and management information systems, among others. The WB teams may collaborate with other development partners in developing the assistance.

### 14. Tracking of changes and frequency of assessments

The toolkit is not designed to track performance change over time. However, a decision on reassessments can be taken on a case-to-case basis.

### 15. Resource requirements

Average cost of conducting an assessment (Module 4) is about US\$100,000. Cost can vary based on the portfolio of SOEs which are a part of the assessment. The average time required to conduct the assessment and publish the report is about a year. The time required depends on the jurisdiction to be covered. The team should comprise an SOE expert, a corporate governance expert, and an economist with an understanding of the country context.

## Transparency



### 16. Access to methodology

The custodian is planning to make the user guidelines available.

### 17. Access to assessment results

Disclosure of final reports is at the discretion of the government. Published reports are available on the [WB webpage](#).

## Corporate Governance: Report on Observance of Standards and Codes (CG-ROSC) - World Bank



### Objective and features

#### 1. Objective

CG-ROSC aims to assist a country in developing and implementing an action plan to improve its corporate governance framework and to raise awareness of good corporate governance practices among the country's public and private sector stakeholders.

#### 2. Institutional coverage

National corporate sector.

#### 3. Technical coverage

CG-ROSC focuses on the governance of publicly listed companies. Assessment covers the following five principles:

1. Enforcement and institutional framework – legal and regulatory framework, enforcements, the courts, and alternative dispute resolution.
2. Shareholder rights and ownership – basic shareholder rights, shareholder meetings, participation in board appointment and capital increases, related party and other extraordinary transactions, and changes in corporate control.
3. Equitable treatment of shareholders – protection from insider trading and self-dealing, and shareholder redress.
4. Disclosure and transparency – company reporting, non-financial disclosure, audit, and audit oversight.
5. Board responsibilities – composition and selection, duties and responsibilities, control environment, and board professionalism.

#### 4. Application method

Custodian.



### Methodology

#### 5. Methodology

Each CG-ROSC assessment benchmarks a country's legal and regulatory framework, practices, and compliance of listed firms, and enforcement capacity vis-à-vis the OECD/G20 Principles of Corporate Governance. WB uses the template developed to gather pertinent information for preparing the CG-ROSC. The template has six sections that are based on the chapters of the G20/OECD Principles. For each OECD principle, the template includes questions about the legal and regulatory rules that apply to the topic, as well as questions about how the specific rules are enforced and how companies are compliant. The tool is based on a consistent methodology for assessing national corporate governance practices.

#### 6. Benchmarking system

Benchmarking with scoring system. The scoring for each question, in relation to the application of the corporate governance principles, are as follows: 95 percent = fully implemented, 75–95 percent = broadly implemented, 35–75 percent = partially implemented, and less than 35 percent = not implemented.

#### 7. Linkage to PEFA framework

There is no linkage with the PEFA framework.

#### 8. Complementarity with PEFA framework

There is no complementarity with the PEFA framework.



## Development and use

### 9. Development and coordination

Twelve standards and codes were identified by the Financial Services Board, following the 1990s Asian financial crisis, which are crucial for financial sector development and financial stability, including data transparency, banking, and insurance supervision. The ROSC initiative is administered by WB and IMF, which have recognized international standards in the 12 policy areas. Of these, WB focuses on three policy areas: accounting and auditing, corporate governance, and insolvency and creditor rights.

CG-ROSC is largely structured on the OECD/G20 Principles of Corporate Governance, first issued in 1999 and updated in 2005 and 2015. The principles focus on countries with a stock exchange. The CG-ROSC methodology was developed to accommodate a wider set of countries from developing countries, and was revised multiple times (in 2001, 2015, and 2017). Motivations for updating included the revision of OECD Principles in 2015, introduction of a modular approach, and simplification of the report to reduce time and cost requirements.

### 10. Assessment management

Assessment process comprises the following steps:

1. The government requests WB to conduct the assessment and address assessment funding.
2. Data is collected and a questionnaire consisting of 450 questions is completed. Consultants are hired from legal and accounting firms.
3. Due diligence is performed on compliance with rules to determine whether the assumptions are correct and whether expectations from the stakeholders (companies) about compliance and rules are met.
4. The information gathered is discussed with the government for fact checking.
5. The report is prepared.
6. The assessment team works with country counterparts on the report (to gather any comments and changes to be made before publishing the report).
7. Key findings and recommendations are presented.

Country participation in the assessment process and the publication of the final report are voluntary. At the request of the policymakers, WB can also carry out special policy reviews that focus on specific sectors (e.g., for banks and SOEs).

Quality assurance procedures include a peer review process that involves internal and external experts.

### 11. Uses by the government and members of the PFM community

The main users of the CG-ROSC are the securities regulator who issues corporate regulations for the listed companies, other government entities interested in ROSC (Ministry of Finance), as well as private sector stakeholders involved in corporate governance (stock exchange, accountancy bodies, corporate governance associations, director training organizations). The CG-ROSC reports are referred to by various international investors, rating agencies, central banks, and governments.

The assessments provide a benchmark by which countries can (1) evaluate themselves and gauge progress in corporate governance reforms; (2) strengthen their ownership of the reform by promoting productive interaction among issuers, investors, regulators, and public decision makers; and (3) provide the basis for a policy dialogue that is meant to result in the implementation of policy recommendations.

### 12. Sequencing with other tools

The findings of the CG-ROSC can complement the findings of the European Bank for Reconstruction and Development (EBRD) corporate governance assessment reports, and OECD's confidential country reports.

### 13. PFM capacity building

In several instances, IFC has funded technical assistance programs based on the findings of the CG-ROSC assessment.



## Development and use

### 14. Tracking of changes and frequency of assessments

No specific tracking of changes is done, however, major changes that influence the corporate governance domain are tracked but are not necessarily tied back to previous CG-ROSC assessment. In countries where multiple CG-ROSC assessments were conducted, the implementation of previous recommendations were tracked. Initially, recommended assessment frequency was every three years.

### 15. Resource requirements

The standard cost of the assessment is US\$100,000. The time needed is one to one-and-a-half years from request for the assessment to final report publication. Consultants are hired to complete the questionnaire.



## Transparency

### 16. Access to methodology

Methodology is not publicly available.

### 17. Access to assessment results

Country assessments are [available](#).

## Corporate Governance SOE Progression Matrix - World Bank Group (International Finance Corporation)



### Objective and features

#### 1. Objective

The Corporate Governance State-Owned Enterprise (CG SOE) Progression Matrix aims to assess and improve the corporate governance of a company - including the governance attributes of key environmental and social policies and procedures - to identify, reduce, and manage risks.

#### 2. Institutional coverage

Public corporations.

#### 3. Technical coverage

SOEs are assessed based on the following six parameters:

1. Commitment to environmental, social, and governance (leadership and culture)
2. Structure and functioning of the Board of Directors
3. Control environment (internal control system, internal audit function, risk governance, and compliance)
4. Disclosure and transparency
5. Shareholders' rights
6. Governance of stakeholder engagement (which includes civil society and communities affected by a company's operations).

#### 4. Application method

Custodian.

### Methodology



#### 5. Methodology

The CG SOE Progression Matrix is organized in four levels of company practices (listed below). It emphasizes the importance of ongoing improvements in a company's governance practices - graduating from basic to intermediate and to advanced level (good international practice and leadership). Since 2018, the methodology has covered environmental and social (E&S) issues.

- Level 1: Basic corporate governance practices that the company should develop and adopt; an E&S governance agenda is being developed.
- Level 2: Intermediate corporate governance practices, including basic steps to strengthen E&S governance within the organization, which reflects a culture of continuous improvement.
- Level 3: Good international practices, including intermediate and other good corporate governance practices, which indicate that the organization has a track record of established corporate governance and E&S governance practices.
- Level 4: Corporate governance leadership and international best practices, indicating that the organization has achieved the preceding three levels of corporate governance maturity and conforms to the recognized international practices.

#### 6. Benchmarking system

A rating is assigned in terms of low-, medium-, and high-risk categories. Currently, each of the parameters of the methodology has its own risk rating which will be used for a compound risk rating for the SOE.

#### 7. Linkage to PEFA framework

Information gathered for PEFA's public asset management (PI-12) and revenue administration (PI-19), where public corporations operate as holding companies or regulators, can be corroborated to some extent with the findings from the Progression Matrix.

#### 8. Complementarity with PEFA framework

Fiscal risk reporting (PI-10) measures fiscal risk from public corporations and can complement the findings of the Progression Matrix.



## Development and use

### 9. Development and coordination

The Progression Matrix was designed based on good practices recognized by the IFC and internationally accepted benchmarks of good practice, including the OECD Principles for SOE Governance. The tool development process was internal and included consultation with WB. The WB and IFC standards of good corporate governance are aligned, and corporate governance initiatives are led by a collaborative approach.

The tool was revised in 2018 to expand the application of sustainability standards across the entire financial system of emerging markets. IFC has updated and expanded its corporate governance methodology, to include E&S governance issues. Some of the revisions incorporated were governance of stakeholder engagement, treatment of E&S risk (in the Control Environment section), and oversight of E&S risk management in board operations. The IFC's policy for investing in SOE was amended in 2015 and in 2017, and these changes were reflected in the revision of the Progression Matrix. The methodology was revised to integrate environmental and social factors into corporate governance practices. IFC is currently working on an advanced E&S risk assessment methodology.

Advisory programs are usually supported by donors such as SECO.

In case of co-investment with other international financial institutions where conditions for investment are mutually agreed, the assessment and recommendations are discussed, and a joint action plan is developed. In case of co-investment, joint due diligence is undertaken to avoid duplication of assessment where one organization leads the process. Where the WB conducted an assessment of corporate governance on an SOE, the IFC team would use the WB's report as a starting point and consider the need for additional diligence on a case-by-case basis.

### 10. Assessment management

The assessment is conducted in the following steps:

1. A mandate is signed with the SOE depending on the nature of IFC service/engagement (e.g., advisory, investment).
2. A questionnaire is shared with the SOE, and IFC requests for the relevant datasets and documents to undertake a preliminary desk review.
3. This is followed by interviews with board members, members from the management handling key functions (CEO, CFO, CRO, etc.), officers in charge of risk management and compliance, officers in charge of E&S risk oversight and internal audit, and corporate secretary, among others.
4. IFC also holds discussions with minority shareholders to understand the protection available to them, as well as with relevant officials from the government represented in the SOE board and external auditors.
5. The report is drafted to highlight positive practices and areas of improvement and includes a set of recommendations.
6. In the case of a risk assessment for an investment decision, the recommendations would ideally include a set of conditions to be met by the SOE to proceed with the engagement.

The above steps are similar for advisory and investment projects. For advisory projects, IFC works with the SOE to prioritize the recommendations, and in most cases, support their implementation. Company-level advisory services are provided at a fee to the SOEs. For investment projects, the report is presented to the IFC management in the decision meeting and a consensus is reached on the conditions to be met to proceed with the investment. This is followed by a negotiation with the SOE on the structure of the conditions and timelines of their implementation which will be monitored by the IFC team.

Each report is peer reviewed by an internal senior team member. Experts in specific categories are identified to undertake reviews in the relevant domain. When an assessment is undertaken in collaboration with WB, the report is also peer reviewed by the organization who was not involved in the report drafting.





## Development and use

### 11. Uses by the government and members of the PFM community

The assessment findings are used to provide advisory services to the SOEs or assess the risk associated with investment, based on the identified gaps, upon request of the SOEs and in line with the IFC's Country Development Strategy.

In other cases, the assessment is employed as a due diligence measure to assess new investments, monitor portfolio, and evaluate governance risks that could lead to a set of recommendations and covenants that would become mandatory for investment.

IFC supports SOEs attain corporate governance practices acceptable in the private sector prior to privatization.

### 12. Sequencing with other tools

The Progression Matrix can complement the findings of WB's Integrated SOE Framework (D11).

### 13. PFM capacity building

IFC provides tailored advice and assists with implementation of recommendations. The support includes capacity-building initiatives. In some cases, the IFC advisory programs are integrated with WB programs, where WB manages the program at the framework level and IFC manages the program at the company level.

### 14. Tracking of changes and frequency of assessments

Progress can be tracked because the governance practices are evaluated and benchmarked with the Progression Matrix, which is designed to reflect a progressive shift from "basic practices" to "leadership." Implementation of covenants linked to investments is regularly monitored as part of the overall portfolio monitoring process.

There is no predetermined frequency of assessment. The need for an assessment can be established by IFC in line with the investment strategy or when an advisory program is requested by an SOE.

### 15. Resource requirements

Cost for the assessment varies depending on various factors such as scope and comprehensiveness of work, subsidy from WB or IFC depending on the countries where the SOEs are located, contributions from other donors in delivering the engagement, or cost borne by the SOEs.

The assessment process can be completed in up to two months. Duration is influenced by factors such as the shareholding structure, size of the board, size and complexity of the SOE, and scope of activity.

The time taken by the SOE to prepare relevant documents for desk review, arrange interviews, and finalize the report (alongside internal approval process) can impact the assessment duration at times.

## Transparency



### 16. Access to methodology

The *Progression Matrix*, the documents consulted during desk review and general information request, and IFC's corporate governance tools are [available](#).

### 17. Access to assessment results

The reports are not published.

## Accounting and Auditing - Report on Observance of Standards and Codes (AA-ROSC) - World Bank



### Objective and features

#### 1. Objective

AA-ROSC aims to:

- analyze the comparability of national accounting and auditing standards with international standards (International Financial Reporting Standards [IFRS] and International Standards on Auditing [ISA]), determine the degree with which applicable accounting and auditing standards comply, and assess strengths and weaknesses of the institutional framework in supporting high-quality financial reporting; and
- assist the country in developing and implementing a country action plan for improving institutional capacity, to strengthen the country's corporate financial reporting regime.

#### 2. Institutional coverage

National corporate sector, including state-owned enterprises.

#### 3. Technical coverage

The Accounting and Auditing (A&A) modules cover the two globally accepted standards - the IFRS and the ISA. AA-ROSC has three modules:

- Module A: Accounting and Auditing Standards covers financial reporting standards analysis and auditing standards analysis. It is designed to help compare (1) national financial reporting standards with IFRS, and (2) national auditing standards with ISA.
- Module B: Institutional Framework for Corporate Financial Reporting primarily caters to institutions such as commercial enterprises (including SMEs), listed companies, banks, insurance, audit regulation institutions, quality assurance and public oversight, and accounting and auditing standard-setting institutions.
- Module C: Observed Reporting Practices and Perceptions aims to corroborate the findings from the assessments of A&A standards (Module A), and the institutional framework for corporate financial reporting (Module B) regarding the financial statements issued and reports from the regulators in their jurisdiction; and (2) gather perceptions on the demand for and quality of financial information from users of financial statements (e.g., credit risk analysts within financial institutions, investment managers, and financial analysts).

#### 4. Application method

Custodian.



## Methodology

### 5. Methodology

The approach for each module of AA-ROSC is as follows:

- Module A consists of 118 questions. Financial reporting standards analysis and auditing standards analysis (Module A.1) provide a suite of checklists to help AA-ROSC teams in their assessment of key areas of divergence between national financial reporting standards (or national GAAP [Generally Accepted Accounting Principles]) and IFRS, and national auditing standards and ISA, respectively. Decision trees are included in Module A.1 and A.2 to assist the teams in determining when and how to use the checklists.
- Module B comprises nine questionnaires which aim to assess the key areas of corporate financial reporting and audit framework of the country, using internationally recognized standards or principles and other examples of good practice as benchmarks.
- Module C assesses the quality of financial reporting and audit practices through three exercises: financial statements review, review of regulatory findings, and perceptions survey.

Seven performance indicators of ROSC focus on the aspects of accounting and auditing system that are (1) “core” or essential, (2) measurable and observable in a relatively objective manner, and (3) relevant to most partner countries. The AA-ROSC report includes a table summarizing the score attributable to each indicator and related sub-indicators. A detailed justification of ratings and explanations is included, where the professional judgment will be applied by the assessment team. The indicators should be read in conjunction with the AA-ROSC report.

### 6. Benchmarking system

AA-ROSC was originally a qualitative assessment. During the 2019 revision of the tool, indicators with a scoring system were introduced. The indicators follow a “progression matrix” approach, outlining milestones toward international good practice using the following rating scales:

- Rating scale based on hard requirements are applied for financial reporting standards analysis and auditing standards analysis on a scale of 1 to 4, where 4 indicates substantial alignment to the standards and no limitations for monitoring and enforcement procedures.
- Principles-based rating criteria assess the strength of institutional framework for corporate financial reporting on a scale of 1 to 4, where 4 indicates monitoring and enforcement procedures and processes are fully adequate.
- Quantitative rating criteria to assess financial reporting and auditing standards on a scale of 1 to 4, where 4 indicates adoption and alignment with IFRS, ISA, and ISQC.

### 7. Linkage to PEFA framework

Some indicators of PEFA that deal with fiscal risk and SOEs are referenced. AA-ROSC is related to PEFA performance indicators in terms of monitoring of public corporations (PI-10.1) and financial asset monitoring (PI-12.1).

### 8. Complementarity with PEFA framework

AA-ROSC provides a drill-down assessment of the financial reporting practices of SOEs, among other things.



## Development and use

### 9. Development and coordination

AA-ROSC is one of the twelve standards and codes developed jointly by WB and IMF. A number of amendments and updates of the tool have been made. The first detailed revision was published in 2017 and subsequent revision in 2019, wherein accounting and auditing performance indicators were introduced to provide a snapshot of the essential aspects of corporate sector accounting and auditing practices in partner countries and a mechanism for measuring progress over time.

The PEFA framework was consulted at the time of development of the AA-ROSC indicators in 2019 to develop a similar set of indicators to benchmark countries against specific criteria. During tool development, the International Accounting Standards Board and other financial institutions were consulted.

National accounting standard setters and professional accountancy firms are the key counterparts consulted during the assessment, to see their perspective and use their documents. Many audit firms conduct a comparison of national accounting standards where the reports are referred to. The firms are consulted to discuss the results of the ROSC.

### 10. Assessment management

The three stages involved in conducting an AA-ROSC are as follows:

1. **Initiation stage.** A scoping mission helps in initiating the engagement process with counterparts (national account standard setters, professional accountancy firms) and stakeholders. A concept note is prepared which covers the context of AA-ROSC, objectives and scope of AA-ROSC, and work plan for conducting the assessment.
2. **Implementation stage.** Data is collected through the questionnaires. The questionnaire under Module A is filled in by the task team. The questionnaire under Module B is filled in by the country counterparts. Some parts of the questionnaire under Module C are filled in by the task team and other parts are distributed to a number of users of financial information in the country. A due diligence is performed, including one-on-one meetings with counterparts and stakeholders, as well as roundtable or focus group discussions with stakeholders, as appropriate. Following the due diligence, the ROSC A&A team prepares the draft report, presents findings, and makes policy recommendations to help the country enhance its A&A standards and practices. Draft AA-ROSC reports undergo a peer review process and follow the WB's standard procedures for analytical and advisory work.
3. **Completion stage:** A dissemination workshop is held to present the findings and recommendations to a wide range of stakeholders and generate momentum for implementing report recommendations. If reliable information or analysis of differences between national GAAP and IFRS is available from the national standard-setter or professional accountancy organizations, the ROSC A&A team may decide not to perform the analysis, on the grounds that it would represent a duplicative effort, and instead rely on the existing analysis.



## Development and use

### 11. Uses by the government and members of the PFM community

AA-ROSC is used by governments for transparent, high-quality, and comparable financial reporting to gain investors' and lenders' trust. Also, in many countries, SOEs partly rely on their financial reporting to inspect their commitment to the new Sustainable Development Goals (SDGs). Some of the development and financial institutions also refer to the ROSC reports to guide their funding decisions. AA-ROSC is commonly used in the private sector, and in some cases, to improve capacities in SOEs.

### 12. Sequencing with other tools

AA-ROSC assessments of practices are conducted in partner countries, either as part of a WB-IMF Financial Sector Assessment Program (FSAP) mission, in combination with other WB Advisory Service and Analytics (ASA) projects, or as standalone exercises. FSAP oversees all issues in the financial sector. One component of the assessment is completely related to ROSC. The team that is working with the program jointly conducts the assessments (FSAP and AA ROSC) to avoid duplication of efforts.

### 13. PFM capacity building

Capacity building is provided at the country's request. In most past cases, after a country action plan is developed based on the recommendations, the team supports the development of professional accounting organizations through technical assistance programs. Other areas of support included capacity-building programs in financial reporting and strengthening the role of regulatory bodies.

### 14. Tracking of changes and frequency of assessments

The option for tracking changes is available. Usually, previous reports are studied before or during the new assessment and an update is taken on the status of the recommendations from the previous report. A special annex in the AA-ROSC report highlights the recommendations and the improvements made when compared to previous reports. If the recommendations are linked to some development projects, then the reports for those projects are consulted to track changes.

There is no standard frequency of AA-ROSC. Performance can be reassessed every five years.

### 15. Resource requirements

The cost of the assessment depends on the country where it is performed. Standard costs range from US\$100,000 to US\$150,000. The assessment includes staff time, external consultant time, travel, and publications, among others. The average time taken for an assessment is about 10 to 12 months. Sometimes it takes longer than two years to complete the assessment cycle beginning with the decision to conduct ROSC to the final publication.

## Transparency



### 16. Access to methodology

Detailed instructions about the toolkit are not available. An overview of the methodology is [available](#).

### 17. Access to assessment results

More than 155 reports have been published and can be accessed by searching the World Bank's [website](#).



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